

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

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U.S. SECURITIES AND EXCHANGE	)
COMMISSION,	)
100 F. Street, NE	)
Washington, D.C. 20549	)
	)
Plaintiff,	)
	)
v.	) Civil Action No.
	)
INNOSPEC, INC.	)
Innospec Manufacturing Park	)
Oil Sites Road	)
Ellesmere Port	)
Cheshire	)
United Kingdom	)
	)
Defendant.	)
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COMPLAINT

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

SUMMARY

1. Innospec Inc. ("Innospec") is a manufacturer and distributor of fuel additives and other specialty chemicals. From 2000 to 2007, Innospec violated the anti-bribery, books and records and internal controls provisions of the Foreign Corrupt Practices Act ("FCPA") when it routinely paid bribes in order to sell Tetra Ethyl Lead ("TEL"), a fuel additive, which boosts the octane value of gasoline, to government owned refineries and oil companies in Iraq and Indonesia. TEL is a sunset product because worldwide use of TEL has declined since 1973 following the enactment of the Clean Air Act of 1970 and similar legislation in other countries. Innospec engaged in bribery to

maintain its TEL business, which accounted for significant revenue during the relevant time period.

2. Innospec paid kickbacks to Iraq from 2001 to 2003 in order to obtain contracts under the United Nations (“UN”) Oil for Food Program (the “Program”). After the Program ended in early 2003, Innospec paid bribes to Iraqi government officials until late 2007 in order to secure additional contracts. Innospec’s bribery of government officials in Indonesia began as early as 2000, and continued until 2005, when Indonesia’s need for TEL ended. Innospec’s former management did nothing to stop the bribery activity, and in fact authorized and encouraged it. In addition, Innospec’s internal controls failed to detect the illicit conduct, which continued for nearly a decade.

3. In all, Innospec made illicit payments of approximately \$6,347,588 and promised an additional \$2,870,377 in illicit payments to Iraqi ministries, Iraqi government officials, and Indonesian government officials in exchange for contracts worth approximately \$176,717,341 in revenues and profits of \$60,071,613.

4. Innospec violated Section 30A of the Exchange Act by engaging in widespread bribery of government officials in Iraq during the post-Oil for Food period and government officials in Indonesia in order to sell TEL to the Iraqi Ministry of Oil (“MoO”) and state owned oil companies in Indonesia. Innospec violated Section 13(b)(2)(B) of the Exchange Act by failing to maintain internal controls to detect and prevent bribery of officials in Iraq and Indonesia as well as the illicit Oil for Food Program kickbacks. Finally, Innospec violated Section 13(b)(2)(A) of the Exchange Act by improperly recording all of the illicit payments to Iraq and Indonesia in its accounting books and records.

**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]. Innospec, 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] or 28 U.S.C. § 1391(d).

**DEFENDANT**

7. **Innospec Inc. (“Innospec”)**, previously known as Octel Corporation, is a Delaware corporation with its principal executive offices in the United States and Ellesmere Port, United Kingdom. Innospec manufactures, distributes and markets fuel and specialty chemicals to oil refineries and other chemical and industrial companies throughout the world. Its operations are divided into three distinct business areas: Fuel Specialties, Active Chemicals and Octane Additives. As part of its Octane Additives business Innospec manufactures and sells Tetra Ethyl Lead (“TEL”), a product that is used to boost the octane value of leaded gasoline and certain types of jet fuel. Innospec is registered with the Commission under Section 12(b) of the Exchange Act and since March 21, 2006, it has traded on the NASDAQ under the symbol “IOSP.” Prior to March 21, 2006, Innospec’s securities traded on the New York Stock Exchange. The company changed its name from Octel Corporation to Innospec, Inc. on January 30, 2006.

**RELEVANT ENTITIES/INDIVIDUALS**

8. **Innospec Limited**, previously known as Associated Octel Company, Ltd., a wholly owned subsidiary of Innospec, manufactured and sold fuel and specialty chemicals, including TEL. During the relevant period, Innospec Limited was headquartered in Ellesmere Port in the United Kingdom. Innospec Limited's financial results were consolidated with those of Innospec throughout the relevant period.

9. **Alcor Chemie Vertriebs GMBH ("Alcor")**, a wholly owned subsidiary of Innospec, manufactures and sells TEL to oil companies and refineries in several countries, including Iraq. Alcor is incorporated in Switzerland and headquartered in Zug, Switzerland. Alcor's financial results were consolidated with those of Innospec throughout the relevant period.

10. **Iraqi Agent**, a Lebanese/Canadian citizen, was Alcor's agent in Iraq from at least 1995 until 2008, and maintained principal offices in Abu Dhabi, United Arab Emirates. Iraqi Agent was the principal of two companies.

11. **Executive A**, a British citizen, was the Chief Executive Officer of Innospec and Innospec Limited in or around April 2005.

12. **Executive B**, a United States citizen, was a senior executive of Innospec after in or around December 2002.

13. **Executive C**, a British citizen, was the Chief Financial Officer of Innospec from March 1998 to November 2002

14. **Alcor Manager**, a German citizen, was the General Manager of Alcor in or around June 2001 to at least 2005.

15. **Business Director**, a British citizen, was a division managing director for Innospec.

16. **The Iraqi Ministry of Oil**, including its component oil refineries, is an agency of the Government of Iraq. During the relevant period, the Ministry of Oil purchased TEL from Alcor for use at the Basrah, Daura and Baiji refineries in Iraq.

17. **Managing Director**, a British citizen, was Innospec's Managing Director for the Asia Pacific Region from 2001 to 2003.

18. **Indonesian Agent**, an Indonesian citizen, was Alcor's agent in Indonesia during the relevant period. Indonesian Agent was the principal of a company based in Indonesia.

19. **Pertamina, BP Migas and Lemigas**, are all state owned oil and gas related companies in Indonesia. During the relevant period, Alcor and Indonesian Agent negotiated contracts for the sale of TEL to Pertamina and BP Migas.

20. **Official X**, was a senior official at BP Migas, an Indonesian state owned oil and gas company and who previously was a senior official at the Ministry of Energy and Mineral Resources.

21. **Official Y**, was a senior official at Pertamina, an Indonesian state owned oil and gas company.

22. **Official Z**, was a senior official who replaced Official Y at Pertamina, an Indonesian state owned oil and gas company.

## FACTS

### **I. Background on The United Nations Oil for Food Program**

23. The Oil for Food Program was intended to provide humanitarian relief for the Iraqi population, which faced severe hardship under the international trade sanctions that followed Iraq's 1990 invasion of Kuwait. The Program permitted the Iraqi government to sell its crude oil and use the proceeds to purchase food, medicine, and critical infrastructure supplies.

24. The proceeds of the oil sales were transferred directly from the buyers to an escrow account (the "U.N. Escrow Account") maintained in New York by the United Nations 661 Committee. Funds in the U.N. Escrow Account were available for the purchase of humanitarian supplies, subject to U.N. approval and supervision. The intent of this structure was to prevent the proceeds of Iraq's crude oil sales from undermining the sanctions regime by supplying cash to Saddam Hussein.

25. Corruption was rampant within the Program. By mid-2000 Iraqi ministries, on the instruction of top government officials, instituted a policy requiring suppliers of humanitarian goods to pay a ten percent kickback on each contract. This kickback requirement was euphemistically referred to as an "after-sales service" fee ("ASSF"); however, no services were provided. Suppliers competing to obtain contracts under the Program were encouraged to include a ten percent markup in their bids or purchase orders.

26. The inflated contract prices were incorporated into the Oil for Food contracts as a way to permit the suppliers to recover from the U.N. Escrow Account the kickback payments they had paid secretly to Iraq. Following the 2004 release of a report

by the U.S. General Accounting Office exposing some of the abuses, the U.N. commissioned an independent inquiry committee, headed by former Federal Reserve Chairman Paul Volcker (the “Volcker Committee”), to investigate the Program’s performance. That committee’s October 27, 2005, final report estimated that the Iraqi government had diverted \$1.7 billion in illicit income from the Program.

**II. Innospec’s Payment of After Sales Service Fees in Connection with the U.N. Oil For Food Program**

27. From 2000 through 2003, Innospec participated in the U.N. Oil for Food Program through its Swiss subsidiary, Alcor. During that period Alcor entered into five contracts for the sale of TEL to the Iraqi Ministry of Oil and its component oil refineries (“MoO”) and paid kickbacks equaling 10% of the contract value on three of the contracts. In all, Innospec paid kickbacks of \$1,853,754 and offered additional kickbacks of \$1,985,897 to Iraq, earning revenues of approximately \$45,804,915 on the five Oil for Food contracts and profits of \$23,125,820.

28. Alcor executed five contracts with Iraq’s MoO and paid kickbacks to three MoO refineries, Basrah, Daura and Baiji. Alcor used Iraqi Agent to funnel the payments to Iraq. On December 14, 2001, Alcor increased Iraqi Agent’s standard commission on three of the program contracts from 2% to 14% to enable him to pay the kickbacks.

29. For each of the three contracts, Alcor artificially inflated its prices in its bids provided to the UN by the 10% after sales service fee (“ASSF”). Alcor did not notify the UN of the secretly inflated prices or of Alcor’s intent to kickback 10% to Iraq. In order to meet Iraq’s demand that the kickback be paid prior to the shipment of TEL, Alcor forwarded the ASSF amount to Iraqi Agent’s bank account in Switzerland thirty days in advance of shipment.

30. In a fax to Innospec, Innospec's agent stated that the contract price included a "2% + 2%" fee for his company, plus an additional 10% for "Third Party Reimbursement." On June 2, 2001, Alcor Manager signed a side agreement on behalf of Alcor promising to pay Iraq the 10% kickback referred to in Iraqi Agent's fax. Thereafter Alcor wired the 10% ASSF, plus additional agent's fees, to Iraqi Agent's Swiss account. Innospec entered into additional side agreements with Iraq to pay the ASSFs.

31. On the last two Oil for Food contracts, Alcor inflated its bid by 10% to include an ASSF. However, due to the subsequent invasion of Iraq by U.S. allied forces, the kickbacks on the final two contracts were never collected by Iraqi officials and Alcor incorporated the additional 10% into its profits. The kickback payments on the contracts were improperly booked as legitimate commission payments.

### **III. Innospec's Post-Oil For Food Bribery Payments In Iraq**

32. After the Oil for Food Program was terminated in late 2003, Innospec continued to use Iraqi Agent to pay bribes to Iraqi officials in order to secure TEL business from Iraq.

33. From at least 2004 through 2007, Innospec made payments totaling approximately \$1,610,327 and promised an additional \$884,480 to MoO officials so as to garner good will with Iraqi authorities, obtain additional orders under a Long Term Purchase Agreement that was executed in October 2004 (the "2004 LTPA") and ensure the execution of a second LTPA in January 2008 (the "2008 LTPA"). The total profit received from the conduct was \$15,439,183.



A. **Innospec Bribed Iraqi Government Officials in Connection with the 2004 LTPA**

34. After the Oil for Food Program ended, Alcor entered into a three year Long Term Purchase Agreement for the sale of TEL to the Iraqi MoO. The 2004 LTPA was executed in October 2004, and was performed pursuant to six purchase orders dated February 2005 through December 2007.

35. Under the contract, Alcor sold a total of 5,932 Metric Tons (“MT”) of TEL at a price of €10,500 per MT. Innospec’s revenues from the contract were \$82,340,489, and profits were \$15,198,125.

36. With the approval of management, including Business Director and Executive B, Iraqi Agent continued to make improper payments to Iraqi officials to facilitate TEL shipments under the 2004 LTPA. In an e-mail dated October 10, 2005, Iraqi Agent informed Business Director and Executive B that prior to opening a letter of credit for a 740 MT shipment of TEL, Iraqi officials were demanding a 2% kickback from Alcor, which equaled \$195,912.78. Iraqi Agent’s e-mail further stated that: “We are sharing most of our profits with Iraqi officials. Otherwise, our business will stop and we will lose the market. We have to change our strategy and do more compensation to get the rewards.”

37. Business Director responded to Iraqi Agent’s e-mail on October 13, 2005, confirming that the requested kickback would be paid through an additional 2% “commission” to Iraqi Agent. On October 20, 2005, Business Director and Alcor Manager discussed the wording of the invoice that Iraqi Agent would submit to Alcor to support the kickback, with Business Director stating that “the fewer words the better!” That same day, Business Director e-mailed Iraqi Agent the fictitious language that he

wanted the agent to include in the invoice submitted to Alcor for the \$195,912.78 payment.

38. In a similar e-mail dated February 5, 2006, Iraqi Agent informed Business Director that Iraqi officials were again demanding a 2% kickback in order to open a letter of credit for an order of 2000 MT (later revised to 2200 MT) of TEL under the 2004 LTPA.

39. In an e-mail dated February 7, 2006, Executive B approved the kickback payment, and on February 10, 2006, Business Director wrote Iraqi Agent to confirm that Alcor would pay him an additional 2% "commission" in connection with the order. In July 2006, Alcor officially increased Iraqi Agent's commission on the 2004 LTPA from 3% to 5% with the understanding that the additional 2% would be used to pay off Iraqi officials on future LTPA orders.

40. In all, from October 2005 to 2007, Innospec paid approximately \$1,369,269 in bribes to Iraqi officials in connection with the 2004 LTPA. The payments were improperly booked as legitimate commission payments.

**B. Innospec Bribed Iraqi Government Officials to Ensure the Failure of a 2006 Trial Test of MMT and to Facilitate the Execution of a Second LTPA with Iraq in 2008**

41. In addition to the bribes to facilitate TEL orders on the 2004 LTPA, Innospec paid Iraqi Agent a total of \$155,000 in September 2006 and April 2007, so that he could ensure the failure of a 2006 field trial test of MMT, a fuel product manufactured by a competitor of Innospec and that competed with TEL.

42. Innospec was concerned that if the MMT test was successful it would cause Iraq to purchase substantial amounts of MMT for its oil refineries and lead to a

corresponding decrease in demand for TEL in 2008. Accordingly, on September 18, 2006, Business Director approved a payment of \$105,000 to Iraqi Agent, purportedly “for additional technical support and security operations required to nurture and protect ongoing TEL business in Iraq.”

43. On February 28, 2007, Iraqi Agent sent Business Director a letter enclosing the official MoO report for the MMT field trial test and noting his success in making sure that the MMT test failed “against all odds.” Iraqi Agent also enclosed a \$50,000 invoice to Innospec, saying that he had been required to pay an extra \$50,000 to ensure that the MMT report came out in Innospec’s favor.

44. On April 3, 2007, Innospec reimbursed Iraqi Agent for the additional \$50,000 payment. The two payments totaling \$155,000 were improperly booked as legitimate commission payments.

45. Aside from paying \$155,000 up front to ensure that the MMT test failed, Iraqi Agent, on Alcor’s behalf, also promised additional bribes to Iraqi officials in connection with future TEL orders. In an e-mail dated March 21, 2007, to Business Director, Iraqi Agent described how he would use his 5% commission from remaining shipments in 2007 and the new LTPA “to cover my promise to these people for the loss of their remuneration from MMT, which is a very small price we are paying versus the loss of my money and your money if MMT were admitted in.”

46. In the end, Alcor’s efforts to sabotage Iraq’s use of MMT were successful and in January 2008 Alcor executed a second LTPA with the MoO. The agreement took effect in June 2008 and on February 24, 2009, the MoO opened a letter of credit in favor

of Alcor for \$17,000,000. Had the agreement gone forward, 5% of the \$17,000,000, i.e. \$850,000, would presumably have been shared with Iraqi officials via Alcor's agent.

47. The agreement, however, did not go forward. The negotiations leading up to the agreement were tainted by bribery, and as a result, the 2008 LTPA was not performed and Innospec did not pay its agent any commissions on the contract.

**C. Innospec Paid Travel and Entertainment Expenses for MoO Officials**

48. In order to incur good will with the MoO and ensure that it continued to receive TEL orders, Innospec paid bribes to Iraq by funding lavish trips for Iraqi officials from 2002 through at least 2006.

49. For example, in 2002 Innospec, through Iraqi Agent, offered to send a delegation of Iraqi officials to visit Alcor's offices in Zug, Switzerland at an estimated cost of \$36,500. The trip was to include "in principle one morning office visit and [the] rest, tourism."

50. In June 2005, Innospec arranged for Iraqi Agent to pay \$22,732 to cover the costs of a trip by eight Iraqi officials to Innospec's Ellesmere plant in the UK. The 2005 trip expenses included hotel accommodations, food and transportation costs, as well as the provision of approximately \$1,800 in "pocket money" for seven of the officials and approximately \$3,600 for the eighth official, who was head of the Iraqi delegation.

51. In another instance, Iraqi Agent submitted an invoice dated March 12, 2006, to Innospec for reimbursement of \$13,750 for expenses related to a trip taken by MoO officials to a 2006 Oil refining conference in Dubai. The invoice covered air fare, hotel accommodations, and pocket money for three high level government officials and

described the pocket money as “per diem payments as required by the Iraqi Ministry of Oil.”

52. Finally, in 2006, Innospec paid \$13,076 for a trip taken by a MoO official to Jordan and then Thailand for a seven day honeymoon. Innospec’s payment covered hotel accommodations, food, and transportation costs within Thailand.

53. On January 30, 2008, Iraqi Agent submitted another invoice to Alcor for reimbursement of \$34,480 for travel costs incurred by Iraqi MoO officials who traveled to Lebanon to finalize the 2008 LTPA with Alcor. Due to the ongoing investigations being conducted by U.S. regulators, Alcor never paid the invoice, which sought reimbursement for hotel accommodations, food, mobile phone cards, three cameras and \$15,000 in “pocket money” for officials.

**IV. INNOSPEC PAID BRIBES TO INDONESIAN GOVERNMENT OFFICIALS AT STATE OWNED OIL AND GAS COMPANIES**

54. Aside from its illicit conduct in Iraq, Innospec also paid bribes to Indonesian government officials from at least 2000 through 2005 in order to win contracts for the sale of TEL to state owned oil and gas companies in Indonesia. The bribes were made through Indonesian Agent and totaled approximately \$2,883,507. Innospec’s revenues in connection with the illicit bribes were approximately \$48,571,937 and profits were \$21,506,610.

**A. Innospec paid Bribes to an Official at BP Migas in order to Generate More Tel Sales**

55. From 2000 until approximately 2005, Innospec used Indonesian Agent and his company to pay bribes of approximately \$1,323,507 to Official X of the Ministry of

Energy and Mineral Resources and who later became a senior official at BP Migas, an Indonesian state owned oil and gas company.

56. The scheme was outlined in an e-mail dated January 8, 2001 from Managing Director to Business Director stating that in 2000 and 2001 Innospec agreed to pay Official X \$40 per MT for all TEL orders in excess of 4000 tons and \$50 per MT for all TEL orders in excess of 5,000 tons. Based on the volume of TEL sold to BP Migas, Innospec owed Official X \$261,055 in 2000 and \$294,970 in 2001.

57. In order to pay the bribes, Indonesian Agent submitted two fictitious invoices for \$265,000 and \$295,150 to Innospec, falsely describing the payments as reimbursements relating to Pertamina/Migas/Lemigas travel and other costs “in the promotion of Octel’s products, as earlier agreed.”

58. Pertamina, BP Migas and Lemigas are all Indonesian state owned oil and gas companies. On January 9, 2001, Innospec paid the invoice for \$265,000, and on January 8, 2002, it paid the \$295,150. Both payments were approved by Managing Director and in both cases Innospec falsely recorded the bribes, booking the January 2001 payment as “legal fees” and the January 2002 payment as a “sales commission.”

59. The bribery likely continued until 2005, when Indonesia converted to unleaded fuel and no longer needed TEL. On June 19, 2001, Managing Director sent Business Director an e-mail regarding “Pertamina pricing 2002 and on,” and recapped the terms of a new payment arrangement with Indonesian Agent that had recently been agreed upon with Executive A, saying that the new arrangement would be “completely separate and in addition to.... the [payments to the Official X] fund that is agreed annually in advance and paid annually in arrears once the required tonnage is achieved.”

**B. Innospec made Improper Payments to an Account at Pictet Bank In Switzerland in Exchange for TEL Orders from Pertamina**

60. In 2000 and 2001, Innospec also made payments to government officials at Pertamina, another state owned oil company related to BP Migas. In an undated letter addressed to Executive C, a company employee said that Octel had “agreed to a special commission for TEL sales” in exchange for obtaining 100% of Pertamina’s TEL business from 2000 to 2003.

61. The letter identified a bank account at Pictet & Cie (“Pictet”) a privately owned bank in Geneva, Switzerland, which would receive the “special commission” payments. Accordingly, in 2000 Innospec wired a total of \$400,000 to the Pictet account and in 2001 it wired an additional \$300,000. Innospec booked the payments as “sales commissions.”

**C. Innospec Paid Bribes to a Government Official at Pertamina in Order to Sell 446.4 Metric Tons of TEL**

62. In addition to the payments to Official X of BP Migas and to Pertamina officials through the use of the Pictet account, Business Director and Indonesian Agent on Innospec’s behalf also bribed other officials at Pertamina in order to influence their decisions regarding TEL purchases.

63. For instance, on December 18, 2003, an employee of Indonesian Agent e-mailed Business Director saying that Indonesian Agent had just returned from a meeting with Official Y of Pertamina and that Official Y had said he would help Octel, but he wanted more than just “cents” in return.

64. On May 14, 2004, the same employee e-mailed Business Director to say that Indonesian Agent had been working hard to try and stop Indonesian officials from

switching to unleaded fuel in January 2005, and that Indonesian Agent “might need some extra money to support the Lead Defense activities” in Indonesia.

65. In an e-mail dated August 16, 2004, to management, Business Director said that the entire Board of Pertamina had been replaced and that “the old position of [Official Y was] no more.” Business Director added that Official Y’s role would be filled by Official Z, a senior Pertamina official who was well known to Innospec and was being checked.

66. In January, 2005, Indonesian Agent secured an order on Innospec’s behalf for 446.4 metric tons of TEL from Pertamina. In exchange, Innospec, through Business Director, agreed to a “one off payment” of \$300,000 to Indonesian Agent with the understanding that it would be passed on to Official Z at Pertamina.

67. The payment was arranged in two parts. First, Innospec increased Indonesian Agent’s commission on the order from 6% to 10%, leading to an extra payment of \$184,363.20, which was credited to the agent’s account in Singapore. To cover the balance, Business Director told Indonesian Agent to submit an invoice for \$115,636.81 to Innospec, and provided the fictitious language that he wanted included in the invoice to justify the payment.

68. On February 8, 2005, Indonesian Agent sent Business Director an e-mail saying that he had opened an account for Official Z and that Official Z had called requesting his balance payment. On February 14, 2005, Indonesian Agent submitted the \$115,636.81 invoice to Innospec, and Business Director and Executive B approved it. On March 18, 2005, Innospec credited the invoice payment to Indonesian Agent’s



account in Singapore. Innospec falsely booked the entire \$300,000 payment to Indonesian Agent as “sales commissions.”

69. In order to ensure that Official Z approved the 446.4 MT order, Innospec also paid for a trip taken by Official Z and his family to the UK in April 2005. Innospec’s revenues on the sale of 446.4 metric tons of TEL to Pertamina were \$4,796,155 and its profits were \$1,898,571.

V. **INNOSPEC COMMITTED ANTI-BRIBERY, INTERNAL CONTROLS, AND BOOKS AND RECORDS VIOLATIONS**

70. Innospec made millions in illicit payments and promised payments, either directly or indirectly, to Iraqi government officials during the post-Oil for Food period and to Indonesian government officials for the purpose of influencing their decisions and obtaining or retaining business through the sale of TEL. Innospec, a U.S. issuer, made use of U.S. mails and interstate commerce to carry out the scheme, and at least one U.S. person and officer was complicit in the scheme.

71. In connection with all of the illicit payments in Iraq, including the Oil for Food payments, as well as the payments in Indonesia, Innospec failed to make and keep accurate books, records and accounts. Many of the bribes were mischaracterized as legitimate commissions, travel and legal fees in Innospec’s books and records.

72. Moreover, as evidenced by the extent and duration of the improper payments to foreign officials made by Innospec, the improper recording of these payments in Innospec’s books and records, the failure of Innospec’s former management to detect these irregularities, and the significant involvement of certain members of management at the highest levels of the company, Innospec failed to devise and maintain

an effective system of internal controls to prevent or detect these anti-bribery and books and records violations.

**CLAIMS FOR RELIEF**

**FIRST CLAIM**

**[Violations of Section 30A of the Exchange Act]**

Paragraphs 1 through 72 are realleged and incorporated by reference.

73. As described above, Innospec, through its officers, agents, and subsidiaries, 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 Innospec in obtaining or retaining business.

74. By reason of the foregoing, Innospec 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]**

Paragraphs 1 through 74 are realleged and incorporated by reference.

75. As described above, Innospec, through its officers, agents and subsidiaries, failed to keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected its transactions and dispositions of its assets.

76. By reason of the foregoing, Innospec 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]**

Paragraphs 1 through 76 are realleged and incorporated by reference.

77. As described above, Innospec 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.

78. By reason of the foregoing, Innospec 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:

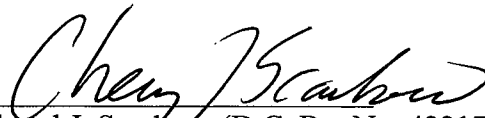
A. Permanently restraining and enjoining Innospec from violating Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78dd-1, 78m(b)(2)(A), and 78m(b)(2)(B)];

B. Ordering Innospec to disgorge ill-gotten gains wrongfully obtained as a result of its illegal conduct; and

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

Dated: March 17, 2010

Respectfully submitted,



Cheryl J. Scarboro (D.C. Bar No. 422175)

Tracy L. Price

Denise Hansberry

Attorneys for Plaintiff,  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Mail Stop 6030 SPII  
Washington, DC 20549-6030  
(202) 551-4403 (Scarboro)

## INNOSPEC, INC. CERTIFICATE OF CORPORATE RESOLUTION

I, DAVID E. WILLIAMS, do hereby certify that I am the VP, General Counsel of Innospec, Inc. ("Innospec"), a Delaware corporation, and that the following is a complete and accurate copy of a resolution adopted by unanimous written consent of the Board of Directors of Innospec on 5 MARCH 2010 and resolved as follows:

**RESOLVED:** That DAVID E. WILLIAMS, the VP, General Counsel of Innospec, be and hereby is authorized to act on behalf of the Company, and in his sole discretion, to negotiate, approve, and make the offer of settlement of Innospec, attached hereto, to the United States Securities and Exchange Commission ("Commission") in connection with the investigation conducted by the Commission; in this connection, the aforementioned Officer be and hereby is authorized to undertake such actions as he may deem necessary and advisable, including the execution of such documentation as may be required by the Commission, in order to carry out the foregoing.

I further certify that the aforesaid resolution has not been amended or revoked in any respect and remains in full force and effect.

IN WITNESS WHEREOF, I have executed this Certificate as a sealed instrument this 5<sup>th</sup> day of March, 2010.

By: 

Name:

Title: Vice President, General Counsel and Chief Compliance Officer  
Innospec, Inc.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 5 MARCH, 2010

  
Innospec, Inc.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

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<b>U.S. SECURITIES AND EXCHANGE</b>	)	
<b>COMMISSION,</b>	)	
<b>100 F. Street, NE</b>	)	
<b>Washington, D.C. 20549</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Civil Action No.</b>
	)	
<b>INNOSPEC INC.</b>	)	
<b>Innospec Manufacturing Park</b>	)	
<b>Oil Sites Road</b>	)	
<b>Ellesmere Port</b>	)	
<b>Cheshire</b>	)	
<b>United Kingdom</b>	)	
	)	
	)	
<b>Defendant.</b>	)	

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**FINAL JUDGMENT OF DEFENDANT INNOSPEC INC.**

The Securities and Exchange Commission having filed a Complaint and Defendant Innospec Inc. (“Defendant” or “Innospec”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except, solely for purposes of this action, as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 30A of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78dd-1] by use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of any money, or offer, gift, promise to give, or authorization of the giving of anything of value to—

- (1) any foreign official for purposes of—
  - (A)(i) influencing any act or decision of such foreign official in his official capacity, (ii) inducing such foreign official to do or omit to do any act in violation of the lawful duty of such official, or (iii) securing any improper advantage; or
  - (B) inducing such foreign official to use his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist Defendant in obtaining or retaining business for or with, or directing business to, any person;
- (2) any foreign political party or official thereof or any candidate for foreign political office for purposes of—

(A)(i) influencing any act or decision of such party, official, or candidate in its or his official capacity, (ii) inducing such party, official, or candidate to do or omit to do an act in violation of the lawful duty of such party, official, or candidate, or (iii) securing any improper advantage; or

(B) inducing such party, official, or candidate to use its or his influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist Defendant in obtaining or retaining business for or with, or directing business to, any person; or

(3) any person, while knowing that all or a portion of such money or thing of value will be offered, given, or promised, directly or indirectly, to any foreign official, to any foreign political party or official thereof, or to any candidate for foreign political office for purposes of—

(A)(i) influencing any act or decision of such foreign official, political party, party official, or candidate in his or its official capacity, (ii) inducing such foreign official, political party, party official, or candidate to do or omit to do any act in violation of the lawful duty of such foreign official, political party, party official, or candidate, or (iii) securing any improper advantage;

(B) inducing such foreign official, political party, party official, or candidate to use his or its influence with a foreign government or instrumentality thereof to affect or influence any act or decision of such



government or instrumentality, in order to assist Defendant in obtaining or retaining business for or with, or directing business to, any person.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(A) of the Exchange Act , 15 U.S.C. § 78m(b)(2)(A), by failing to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Defendant.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B), by failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; (iii) access to assets is permitted

only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

IV.

1. Innospec agrees to engage an independent compliance monitor (the "Monitor") within sixty (60) calendar days of the entry of the Final Judgment. Within thirty (30) calendar days of the entry of the Final Judgment, and after consultation with the Commission staff, Innospec will recommend to the Commission staff one or more qualified Monitor candidates.

2. The Commission staff retains the right to accept or reject any Monitor candidate proposed by Innospec pursuant to the Agreement. In the event the Commission staff rejects a proposed Monitor, Innospec shall propose another candidate within ten (10) calendar days after receiving notice of the rejection. The term of the monitorship shall commence upon the Commission staff's acceptance of a Monitor candidate proposed by Innospec.

3. Innospec shall retain the Monitor for a period of not less than three (3) years.

4. The Monitor's primary responsibility is to assess and monitor Innospec's compliance with the terms of this Agreement so as to specifically address and reduce the risk of any recurrence of Innospec's misconduct. During the Term of the Monitorship, the Monitor will evaluate, in the manner set forth in paragraphs 6 through 11 below, the effectiveness and implementation of the corporate compliance program, internal controls

and financial reporting policies and procedures of Innospec as they relate to Innospec's current and ongoing compliance with the anti-bribery provisions of the FCPA and other anti-corruption laws applicable to Innospec (collectively, the "anti-corruption laws") and take such reasonable steps as, in his or her view, may be necessary to fulfill the foregoing mandate (the "Mandate").

5. Innospec shall cooperate fully with the Monitor, and the Monitor shall have the authority to take such reasonable steps as, in his or her view, may be necessary to be fully informed about Innospec's compliance program within the scope of the Mandate in accordance with the principles set forth herein and applicable law, including data protection and labor laws and regulations applicable to Innospec. To that end, Innospec shall: provide the Monitor access to Innospec's documents and resources; not limit such access, except as provided in this paragraph; and provide guidance on applicable laws (such as relevant data protection and labor laws). Innospec shall provide the Monitor with access to all information, documents, records, facilities and/or employees, as requested by the Monitor, that fall within the scope of the Mandate of the Monitor under this Agreement. Any disclosure by Innospec to the Monitor concerning corrupt payments shall not relieve Innospec of any otherwise applicable obligation to truthfully disclose such matters to the Commission staff.

a. The parties agree that no attorney-client relationship shall be formed between Innospec and the Monitor.

b. In the event that Innospec seeks to withhold from the Monitor access to information, documents, records, facilities and/or employees of Innospec, which may be

subject to a claim of attorney-client privilege or to the attorney work-product doctrine, or where Innospec reasonably believes production would otherwise be inconsistent with applicable law, Innospec shall work cooperatively with the Monitor to resolve the matter to the satisfaction of the Monitor. If the matter cannot be resolved, at the request of the Monitor, Innospec shall promptly provide written notice to the Monitor and the Commission staff. Such notice shall include a general description of the nature of the information, documents, records, facilities and/or employees that are being withheld, as well as the basis for the claim. The Commission staff may then consider whether to make a further request for access to such information, documents, records, facilities and/or employees. To the extent Innospec has provided information to the Commission staff in the course of the investigation leading to this action pursuant to a non-waiver of privilege agreement, Innospec and the Monitor may agree to production of such information to the Monitor pursuant to a similar non-waiver agreement.

6. To carry out the Mandate during the Term of the Monitorship, the Monitor shall conduct an initial review and prepare an initial report, followed by two (2) follow-up reviews and reports as described below. With respect to each review, after consultation with Innospec and the Commission staff, the Monitor shall prepare a written work plan, which shall be submitted no fewer than sixty (60) calendar days prior to commencing each review to Innospec and the Commission staff for comment, which comment shall be provided no more than thirty (30) calendar days after receipt of the written work plan. The Monitor's work plan for the initial review shall include such steps as are reasonably necessary to conduct an effective initial review in accordance with the

Mandate, including developing an understanding, to the extent the Monitor deems appropriate, of the facts and circumstances surrounding any violations that may have occurred before the date of the entry of the Final Judgment. In developing such understanding, the Monitor is to rely to the extent possible on available information and documents provided by Innospec, and it is not intended that the Monitor will conduct his or her own inquiry into those historical events. In developing each work plan and in carrying out the reviews pursuant to such plans, the Monitor is encouraged to coordinate with Innospec personnel, including auditors and compliance personnel, and, to the extent the Monitor deems appropriate, he or she may rely on Innospec processes, on the results of studies, reviews, audits and analyses conducted by or on behalf of Innospec and on sampling and testing methodologies. Any dispute between Innospec and the Monitor with respect to the work plan shall be decided in consultation with the Commission staff.

7. The initial review shall commence no later than one hundred twenty (120) calendar days from the date of the engagement of the Monitor (unless otherwise agreed by Innospec, the Monitor and the Commission staff, and the Monitor shall issue a written report within one hundred twenty (120) calendar days of initiating the initial review, setting forth the Monitor's assessment and making recommendations reasonably designed to improve the effectiveness of Innospec's program for ensuring compliance with the anti-corruption laws. The Monitor is encouraged to consult with Innospec concerning his or her other findings and recommendations on an ongoing basis, and to consider and reflect Innospec's comments and input to the extent the Monitor deems appropriate. The Monitor need not in his or her initial or subsequent reports recite or describe

comprehensively Innospec's history or compliance policies, procedures and practices, but rather may focus on those areas with respect to which the Monitor wishes to make recommendations for improvement or which the Monitor otherwise concludes merit particular attention. The Monitor shall provide the report to the Board of Directors of Innospec and contemporaneously transmit copies to Cheryl Scarboro, Chief, Foreign Corrupt Practices Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5030. After consultation with Innospec, the Monitor may extend the time period for issuance of the report for up to sixty (60) calendar days with prior written approval of the Commission staff.

8. Within one hundred and twenty (120) calendar days after receiving the Monitor's report, Innospec shall adopt all recommendations in the report; provided, however, that within sixty (60) calendar days after receiving the report, Innospec shall notify the Monitor and the Commission staff in writing of any recommendations that Innospec considers unduly burdensome, inconsistent with local or other applicable law or regulation, impractical, unduly costly or otherwise inadvisable. With respect to any recommendation that Innospec considers unduly burdensome, inconsistent with local or other applicable law or regulation, impractical, unduly costly or otherwise inadvisable, Innospec need not adopt that recommendation within that time but shall propose in writing an alternative policy, procedure or system designed to achieve the same objective or purpose. As to any recommendation on which Innospec and the Monitor do not agree, such parties shall attempt in good faith to reach an agreement within forty-five (45) calendar days after Innospec serves the written notice. In the event Innospec and the

Monitor are unable to agree on an acceptable alternative proposal, Innospec shall promptly consult with the Commission staff. Any disputes between Innospec, on the one hand, and the Monitor, on the other hand, with respect to the recommendations shall be decided by the Commission staff in its sole discretion. The Commission staff may consider the Monitor's recommendation and Innospec's reasons for not adopting the recommendation in determining whether Innospec has fully complied with its obligations under this Agreement. Pending such determination, Innospec shall not be required to implement any contested recommendation(s). With respect to any recommendation that the Monitor determines cannot reasonably be implemented within one hundred and twenty (120) calendar days after receiving the report, the Monitor may extend the time period for implementation with prior written approval of the Commission staff.

9. The Monitor shall undertake two (2) follow-up reviews to carry out the Mandate. Within one hundred and twenty (120) calendar days of initiating each follow-up review, the Monitor shall: (a) complete the review; (b) certify whether the compliance program of Innospec, including its policies and procedures, is reasonably designed and implemented to detect and prevent violations within Innospec of the anti-corruption laws and is functioning effectively; and (c) report on the Monitor's findings in the same fashion as set forth in paragraph 7 with respect to the initial review. The first follow-up review shall commence one year after the initial review commenced. The second follow-up review shall commence one year after the second follow-up review commenced. After consultation with Innospec, the Monitor may extend the time period for these follow-up

reviews for up to sixty (60) calendar days with prior written approval of the Commission staff.

10. In undertaking the assessments and reviews described in paragraphs 6 through 9 of this Final Judgment, the Monitor shall formulate conclusions based on, among other things: (a) inspection of relevant documents, including Innospec's current anti-corruption policies and procedures; (b) on-site observation of selected systems and procedures of Innospec at sample sites, including internal controls and record-keeping and internal audit procedures; (c) meetings with, and interviews of, relevant employees, officers, directors and other persons at mutually convenient times and places; and (d) analyses, studies and testing of Innospec's compliance program with respect to the anticorruption laws.

11. Should the Monitor, during the course of his or her engagement, discover that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid or authorized by any entity or person within Innospec, or any entity or person working directly or indirectly for Innospec, either (a) after the date of entry of the Final Judgment or (b) that have not been adequately dealt with by Innospec (collectively, "improper activities"), the Monitor shall promptly report such improper activities to Innospec's General Counsel for further action. If the Monitor believes that any improper activity or activities may constitute a significant violation of law, the Monitor shall also report such improper activity to the Commission staff. The Monitor shall disclose improper activities in his or her discretion directly to the Commission staff, and not to the General Counsel, only if the Monitor



believes that disclosure to Innospec's General Counsel would be inappropriate under the circumstances, and in such case should disclose the improper activities to Innospec's General Counsel as promptly and completely as the Monitor deems appropriate under the circumstances. The Monitor shall address in his or her reports the appropriateness of Innospec's response to all improper activities, whether previously disclosed to the Commission staff or not. Further, in the event that Innospec, or any entity or person working directly or indirectly within Innospec, refuses to provide information necessary for the performance of the Monitor's responsibilities, if the Monitor believes that such refusal is without just cause, the Monitor shall disclose that fact to the Commission staff. Innospec shall not take any action to retaliate against the Monitor for any such disclosures or for any other reason. The Monitor may report any criminal or regulatory violations by Innospec or any other entity discovered in the course of performing his or her duties in the same manner as described above.

12. At least annually, and more frequently if appropriate, representatives from Innospec and the Commission staff will meet together to discuss the monitorship and any suggestions, comments or improvements Innospec may wish to discuss with or propose to the Commission staff.

13. The Monitor will be retained by Innospec for a period of not less than three (3) years from the date the Monitor is selected. Innospec may not employ or be affiliated with the Monitor for a period of not less than one year from the date of the termination of the monitorship.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$60,071,613, representing profits gained as a result of the conduct alleged in the Complaint. Based on Defendant's sworn representations in his Statement of Financial Condition dated February 4, 2010 and other documents and information submitted to the Commission, however, the Court is not ordering Defendant to pay a civil penalty or pre-judgment interest and payment of all but \$11,200,000 of the disgorgement is waived. Defendant shall satisfy this obligation by paying \$11,200,000 pursuant to the terms of the payment schedule set forth in paragraph VI below after entry of this Final Judgment by certified check, bank cashier's check, United States postal money order or other mutually agreed means, payable to the Securities and Exchange Commission. The payments shall be made to the attention of the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a cover letter identifying Innospec as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall also pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

The determination not to impose a civil penalty or require payment of pre-judgment interest and to waive payment of all but \$11,200,000 of the \$60,071,613 in disgorgement is contingent upon the accuracy and completeness of Defendant's Statement of Financial Condition dated February 4, 2010 and other documents and information submitted to the Commission. If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendant's representations to the Commission concerning its assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest

the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

VI.

Innospec shall pay \$11,200,000 in four installments according to the following schedule: (1) \$3,100,000, within ten (10) days of entry of this Final Judgment; (2) \$2,700,000 plus post-judgment interest pursuant to 28 U.S.C. § 1961 due on December 31, 2010; (3) \$2,700,000 plus post-judgment interest pursuant to 28 U.S.C. § 1961 due on December 31, 2011; and (4) the balance of \$2,700,000 plus post-judgment interest pursuant to 28 U.S.C. § 1961 due on December 31, 2012.

If Innospec fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the Court.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE

E  
 10-448  
 RMC

JS-44  
 (Rev. 1/05 DC)

<b>I (a) PLAINTIFFS</b> U.S. Securities and Exchange Commission 100 F Street NE Washington, DC 20549-6030	<b>DEFENDANTS</b> Innospec Inc. Innospec Manufacturing Park, Oil Sites Road, Ellesmere Port Cheshire United Kingdom <hr/> COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT _____ (IN U.S. PLAINTIFF CASES ONLY) NOTE IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED																												
(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES) <div style="text-align: center; font-size: 2em; margin-top: 10px;"><u>11001</u></div>	<div style="font-size: 1.5em; margin-bottom: 10px;"><b>Case: 1:10-cv-00448</b></div> <div style="font-size: 1.2em; margin-bottom: 10px;"><b>Assigned To : Collyer, Rosemary M.</b></div> <div style="font-size: 1.2em; margin-bottom: 10px;"><b>Assign. Date : 3/18/2010</b></div> <div style="font-size: 1.2em;"><b>Description: General Civil</b></div>																												
(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER) Cheryl J. Scarboro, Tracy L. Price, Denise Hansberry U.S. Securities & Exchange Commission 100 F Street NE, Washington, DC 20549-6030 (202) 551-4403 (Scarboro)																													
<b>II. BASIS OF JURISDICTION</b> (PLACE AN X IN ONE BOX ONLY) <table style="width:100%; border: none;"> <tr> <td style="width:50%; vertical-align: top;"> <input checked="" type="radio"/> 1 U.S. Government Plaintiff                 </td> <td style="width:50%; vertical-align: top;"> <input type="radio"/> 3 Federal Question (U.S. Government Not a Party)                 </td> </tr> <tr> <td style="vertical-align: top;"> <input type="radio"/> 2 U.S. Government Defendant                 </td> <td style="vertical-align: top;"> <input type="radio"/> 4 Diversity (Indicate Citizenship of Parties in item III)                 </td> </tr> </table>	<input checked="" type="radio"/> 1 U.S. Government Plaintiff	<input type="radio"/> 3 Federal Question (U.S. Government Not a Party)	<input type="radio"/> 2 U.S. Government Defendant	<input type="radio"/> 4 Diversity (Indicate Citizenship of Parties in item III)	<b>III CITIZENSHIP OF PRINCIPAL PARTIES</b> (PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) <b>FOR DIVERSITY CASES ONLY!</b> <table style="width:100%; border: none;"> <tr> <th style="width:15%;"></th> <th style="width:5%;">PTF</th> <th style="width:5%;">DFT</th> <th style="width:45%;"></th> <th style="width:5%;">PTF</th> <th style="width:5%;">DFT</th> </tr> <tr> <td>Citizen of this State</td> <td style="text-align: center;"><input type="radio"/> 1</td> <td style="text-align: center;"><input type="radio"/> 1</td> <td>Incorporated or Principal Place of Business in This State</td> <td style="text-align: center;"><input type="radio"/> 4</td> <td style="text-align: center;"><input type="radio"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="radio"/> 2</td> <td style="text-align: center;"><input type="radio"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td style="text-align: center;"><input type="radio"/> 5</td> <td style="text-align: center;"><input type="radio"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="radio"/> 3</td> <td style="text-align: center;"><input type="radio"/> 3</td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="radio"/> 6</td> <td style="text-align: center;"><input type="radio"/> 6</td> </tr> </table>		PTF	DFT		PTF	DFT	Citizen of this State	<input type="radio"/> 1	<input type="radio"/> 1	Incorporated or Principal Place of Business in This State	<input type="radio"/> 4	<input type="radio"/> 4	Citizen of Another State	<input type="radio"/> 2	<input type="radio"/> 2	Incorporated and Principal Place of Business in Another State	<input type="radio"/> 5	<input type="radio"/> 5	Citizen or Subject of a Foreign Country	<input type="radio"/> 3	<input type="radio"/> 3	Foreign Nation	<input type="radio"/> 6	<input type="radio"/> 6
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**IV. CASE ASSIGNMENT AND NATURE OF SUIT**

(Place a X in one category, A-N, that best represents your cause of action and one in a corresponding Nature of Suit)

<input type="radio"/> <b>A. Antitrust</b>  <input type="checkbox"/> 410 Antitrust	<input type="radio"/> <b>B. Personal Injury/Malpractice</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Medical Malpractice <input type="checkbox"/> 365 Product Liability <input type="checkbox"/> 368 Asbestos Product Liability	<input type="radio"/> <b>C. Administrative Agency Review</b> <input type="checkbox"/> 151 Medicare Act Social Security: <input type="checkbox"/> 861 HIA ((1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g) Other Statutes <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 890 Other Statutory Actions (If Administrative Agency is Involved)	<input type="radio"/> <b>D. Temporary Restraining Order/Preliminary Injunction</b>  Any nature of suit from any category may be selected for this category of case assignment.  *(If Antitrust, then A governs)*
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<input checked="" type="radio"/> <b>E. General Civil (Other)</b>		OR	<input type="radio"/> <b>F. Pro Se General Civil</b>	
<b>Real Property</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent, Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property  <b>Personal Property</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<b>Bankruptcy</b> <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157  <b>Prisoner Petitions</b> <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition  <b>Property Rights</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark  <b>Federal Tax Suits</b> <input type="checkbox"/> 870 Taxes (US plaintiff or defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609	<b>Forfeiture/Penalty</b> <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 RR & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other  <b>Other Statutes</b> <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 430 Banks & Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 470 Racketeer Influenced & Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Satellite TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 900 Appeal of fee determination under equal access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions (if not administrative agency review or Privacy Act)	

6

<input type="radio"/> <b>G. Habeas Corpus/ 2255</b>  <input type="checkbox"/> 530 Habeas Corpus-General <input type="checkbox"/> 510 Motion/Vacate Sentence	<input type="radio"/> <b>H. Employment Discrimination</b>  <input type="checkbox"/> 442 Civil Rights-Employment (criteria: race, gender/sex, national origin, discrimination, disability age, religion, retaliation)  *(If pro se, select this deck)*	<input type="radio"/> <b>I. FOIA/PRIVACY ACT</b>  <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 890 Other Statutory Actions (if Privacy Act)  *(If pro se, select this deck)*	<input type="radio"/> <b>J. Student Loan</b>  <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (excluding veterans)
<input type="radio"/> <b>K. Labor/ERISA (non-employment)</b>  <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Labor Railway Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="radio"/> <b>L. Other Civil Rights (non-employment)</b>  <input type="checkbox"/> 441 Voting (if not Voting Rights Act) <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 445 American w/Disabilities-Employment <input type="checkbox"/> 446 Americans w/Disabilities-Other	<input type="radio"/> <b>M. Contract</b>  <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholder's Suits <input type="checkbox"/> 190 Other Contracts <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	<input type="radio"/> <b>N. Three-Judge Court</b>  <input type="checkbox"/> 441 Civil Rights-Voting (if Voting Rights Act)

**V. ORIGIN**

Original Proceeding  
  2 Removed from State Court  
  3 Remanded from Appellate Court  
  4 Reinstated or Reopened  
  5 Transferred from another district (specify)  
  6 Multi district Litigation  
  7 Appeal to District Judge from Mag. Judge

**VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE.)**

See Attachment A 15 U.S.C. § 5518a(d), 18(u) and 1819

**VII. REQUESTED IN COMPLAINT**      CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23       DEMAND \$ \_\_\_\_\_      Check YES only if demanded in complaint

**JURY DEMAND:**      YES       NO

**VIII. RELATED CASE(S) IF ANY**      (See instruction)      YES       NO       If yes, please complete related case form

DATE 3/17/10      SIGNATURE OF ATTORNEY OF RECORD Chen Beha

**INSTRUCTIONS FOR COMPLETING CIVIL COVER SHEET JS-44**  
Authority for Civil Cover Sheet

The JS-44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. Listed below are tips for completing the civil cover sheet. These tips coincide with the Roman Numerals on the Cover Sheet.

- I. COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF/DEFENDANT (b) County of residence: Use 11001 to indicate plaintiff is resident of Washington, D.C., 88888 if plaintiff is resident of the United States but not of Washington, D.C., and 99999 if plaintiff is outside the United States
- III. CITIZENSHIP OF PRINCIPAL PARTIES This section is completed only if diversity of citizenship was selected as the Basis of Jurisdiction under Section II
- IV. CASE ASSIGNMENT AND NATURE OF SUIT: The assignment of a judge to your case will depend on the category you select that best represents the primary cause of action found in your complaint. You may select only one category. You must also select one corresponding nature of suit found under the category of case.
- VI. CAUSE OF ACTION Cite the US Civil Statute under which you are filing and write a brief statement of the primary cause.
- VIII. RELATED CASES, IF ANY If you indicated that there is a related case, you must complete a related case form, which may be obtained from the Clerk's Office.

Because of the need for accurate and complete information, you should ensure the accuracy of the information provided prior to signing the form.

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