

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

U.S. SECURITIES AND EXCHANGE  
COMMISSION,  
100 F. Street, NE  
Washington, D.C. 20549

Plaintiff,

v.

David P. Turner  
Ousama M. Naaman

Defendants.

Case: 1:10-cv-01309  
Assigned To : Collyer, Rosemary M.  
Assign. Date : 8/5/2010  
Description: General Civil

COMPLAINT

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

SUMMARY

1. This action arises from widespread bribery of foreign officials by David P. Turner ("Turner") and Ousama M. Naaman ("Naaman") in connection with Innospec, Inc. From 2000 to 2008, Innospec, Inc., a manufacturer and distributor of fuel additives and other specialty chemicals, routinely paid bribes to government officials in order to sell TEL, a fuel additive, which boosts the octane value of gasolining, 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 U.S. 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's known bribery activities in Iraq began with its participation in the United Nations ("UN") Oil for Food Program in 2001, and extended all the way until at least 2008. Turner, the Business Director of Innospec's TEL group, and Naaman, Innospec's agent, both actively participated in the bribery and kickback schemes in Iraq. Innospec also paid bribes to government officials in Indonesia beginning as early as 2000, and continued until 2005, when Indonesia's need for TEL ended. Turner actively participated in the bribery scheme in Indonesia. 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 and government officials as well as Indonesian government officials in exchange for contracts worth approximately \$176,717,341 in revenues and profits of \$60,071,613.

4. Turner and Naaman both violated Section 30A of the Securities Exchange Act of 1934 ("Exchange Act") by engaging in widespread bribery of government officials in Iraq during the post-Oil for Food period in order to sell TEL to the Iraqi Ministry of Oil ("MoO"). Turner also violated Section 30A by engaging in bribery of Indonesian officials to sell TEL to state owned oil companies in Indonesia. Turner and Naaman both aided and abetted Innospec's violations of Section 30A by substantially assisting in Innospec's bribery of Iraqi government officials. Turner also aided and abetted Innospec's violations of Section 30A by substantially assisting in Innospec's bribery of Indonesian government officials.

5. Innospec, a U.S. issuer, routinely 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. Turner and Naaman both sent and received e-mails to and from the United States to carryout the scheme. They also used interstate commerce and the mails as part of the scheme. Turner obtained \$40,000 in bonuses that were tied to the success of the TEL sales, which were procured through bribery. Naaman received \$810,076 in commissions from Innospec for his role in funneling bribe payments.

6. Turner and Naaman also violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder by falsifying numerous documents as part of the bribery scheme. Turner also violated Exchange Act Rule 13b2-2 by making false statements to accountants.

7. Turner and Naaman also aided and abetted Innospec's violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act by substantially assisting in Innospec's failure to maintain internal controls to detect and prevent bribery of officials in Iraq as well as the illicit Oil for Food Program kickbacks, and the improper recording of the illicit payments in Innospec's books and records. Turner also aided and abetted Innospec's violations of Section 13(b)(2)(A) and 13(b)(2)(B) by substantially assisting in Innospec's failure to maintain internal controls to detect and prevent bribery of officials in Indonesia, as well as the improper recording of the illicit payments in Innospec's books and records..

### **JURISDICTION**

8. 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, Turner and Naaman 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.

9. 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**

10. **David P. Turner**, age 55, a citizen of the United Kingdom, held various roles, including the Business Director of Innospec's TEL group, from at least 1995 until January 2009 when he was placed on administrative leave by the company. The TEL group is part of Innospec Inc's Octane Additives Division and employees of the TEL group report to both Innospec Inc. and Innospec Ltd. Turner left the company on June 12, 2009.

11. **Ousama M. Naaman**, age 61, a dual citizen of Lebanon and Canada, was the agent in Iraq from at least 1995 until 2008 for Innospec and Alcor, a wholly-owned subsidiary of Innospec. Naaman was a resident and maintained his principal offices in Abu Dhabi, United Arab Emirates. As Innospec's and Alcor's agent, Naaman negotiated contracts with the Iraqi Ministry of Oil for the sale of TEL to Iraq. Naaman was the principal of two companies, Interact S.A.R.L. and Tawam Commercial Est., which he used to facilitate the payment of kickbacks and bribes. Naaman was extradited to the United States and pled guilty to bribery on June 25, 2010.<sup>1</sup> Naaman was charged with one count of conspiracy to commit wire fraud, violate the FCPA, and falsify the books and records of a U.S. issuer, and one count of violating the FCPA.

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<sup>1</sup> U.S. v. Ousama M. Naaman, Criminal No. 08-246-ESH.

## RELEVANT ENTITIES/ INDIVIDUALS

12. **Innospec Inc.**, 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’s common stock 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.

13. On March 18, 2010, the Commission filed a settled enforcement action against Innospec, whereby Innospec consented to a final judgment permanently enjoining it from violations of Sections 30A, 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act; agreed to pay \$60,071,613 in disgorgement provided that the Commission would waive all but \$11.2 million and permit payment in four installments; and ordering Innospec to retain an independent FCPA compliance monitor for three years. *Securities & Exchange Commission v. Innospec, Inc.* Civil Action No. 1:10-cv-00448 (D.D.C.)(RMC).

14. **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.

15. **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. Until 2005, Alcor also sold TEL to state owned oil companies in Indonesia. Alcor is incorporated in Switzerland and headquartered in Zug, Switzerland. Alcor's financial results were consolidated with those of Innospec throughout the relevant period.

16. **Executive A**, a dual citizen of the United Kingdom and the United States, joined Innospec in 2002 as its Chief Financial Officer. Executive A became head of the TEL unit in 2004 and held the position through 2006. He was also the interim CEO of Innospec beginning in April 2005 and in June 2005 he became the permanent CEO and President of the company. Executive A resigned from Innospec on March 20, 2009.

17. **Executive B**, a citizen of the United Kingdom, was the CEO of Innospec from 1998 until approximately April 2005.

18. **Alcor Manager**, a German citizen, was the General Manager of Alcor during the relevant period. He currently resides in Switzerland.

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

20. **The Iraqi Ministry of Oil ("MoO")**, including its component oil refineries, was 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.

21. **The Trade Bank of Iraq** was an agency of the Government of Iraq.
22. **Indonesian Agent** was Alcor's agent in Indonesia during the relevant period.
23. **Managing Director**, a British Citizen, was Innospec's Managing Director for the Asia Pacific Region from 2001 to 2003.
24. **Official V** was a senior official at Pertamina, an Indonesian state owned oil and gas company.
25. **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.
26. **Official Y** was a senior official at Pertamina.
27. **Official Z** was a senior official who replaced Official Y at Pertamina.

## FACTS

### **I. THE PAYMENT OF KICKBACKS TO IRAQ IN CONNECTION WITH THE U.N. OIL FOR FOOD PROGRAM**

28. Naaman paid kickbacks to Iraq on Innospec's behalf so that Innospec could obtain five contracts under the U.N. Oil for Food Program (the "Program"). From 2000 through 2003 Innospec participated in the Program through its Swiss subsidiary, Alcor Chemie Vertriebs GMBH ("Alcor"). Alcor obtained five contracts for the sale of TEL to the Iraqi Ministry of Oil and its component oil refineries ("MoO") by paying kickbacks to Iraq equaling 10% of the contract value on three of the contracts. In all, Innospec used Naaman to pay kickbacks of \$1,853,754 and offered additional kickbacks

of \$1,985,897 to Iraq, earning Innospec revenues of approximately \$45,804,915 on the five Oil for Food contracts and profits of \$23,125,820.

29. Naaman was Innospec's and Alcor's agent during the Program and interacted directly with Iraqi officials on Alcor's behalf. Naaman assisted Alcor in executing five contracts with Iraq's MoO and Naaman paid kickbacks to three MoO refineries, Basrah, Daura and Baiji. Officials at Innospec devised a scheme in order to pay inflated commissions to Naaman that Naaman would use to funnel kickbacks to Iraq. On December 14, 2001, Alcor increased Naaman's standard commission on three of the program contracts from 2% to 14% to enable him to pay the ten percent kickbacks.

30. For each of the three contracts, Innospec officials caused artificially inflated prices in Alcor's bids to be provided to the UN by the 10% after sales service fee ("ASSF"). Innospec 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 Naaman's bank account in Switzerland thirty days in advance of shipment.

31. There are numerous e-mails and documents involving Naaman, Executive B, and others that reflect knowledge of the illicit payments. For example, on or around April 16, 2001, Naaman signed a side letter on behalf of Alcor promising a kickback to the Iraqi government in exchange for Alcor being awarded a contract. In a fax to Innospec, Naaman stated that the contract price included a "2% + 2%" fee for his company, plus an additional 10% for "Third Party Reimbursement." The third party reimbursement was a reference to the kickback. On June 2, 2001, Alcor Manager signed a side agreement on behalf of Alcor promising to pay Iraq the 10% kickback referred to



in Naaman's fax. Thereafter Alcor wired the 10% ASSF, plus additional agents' fees, to Naaman's Swiss account in Geneva to pay the kickbacks. Innospec and Naaman entered into additional side agreements with Iraq that promised the payment of ASSFs in exchange for contract awards.

32. 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 false commission invoices submitted by Naaman caused the kickback payments on the contracts to be improperly booked as legitimate commission payments on Innospec's books and records.

33. Turner was aware of the kickback scheme in connection with the Oil for Food Program. At some point in late 2002 or early 2003 Innospec's internal auditors questioned Turner about the nature of the commission payments that were made to Naaman under the U.N. Oil for Food Program. Turner made false statements to the auditors and concealed the fact that the commission payments to Naaman included kickbacks to the Iraqi government in return for Oil for Food contracts. Turner also made false statements when he signed annual certifications that were provided to auditors up until 2008 where Turner falsely stated that he had complied with Innospec's Code of Ethics incorporating the company's Foreign Corrupt Practices Act policy prohibiting kickbacks and bribery, and that he was unaware of any violations of the Code of Ethics by anyone at Innospec.

**II. TURNER AND NAAMAN ENGAGED IN BRIBERY OF IRAQI OFFICIALS AFTER THE OIL FOR FOOD PROGRAM ENDED**

34. After the Oil for Food Program was terminated in late 2003, Turner and Naaman paid bribes to Iraqi officials in order to secure TEL business contracts from Iraq. Turner, along with senior officials at Innospec, directed and approved each of the bribery payments. From at least 2004 through 2008, 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 Innospec received from the conduct was \$15,439,183.

**A. Bribery of Iraqi Government Officials in Connection with the 2004 LTPA**

35. 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. Innospec's revenue from the contract was \$82,340,489.

36. With the approval of management, including Turner and Executive A, then the CEO of Innospec, Naaman continued to make improper payments to Iraqi officials to facilitate TEL shipments under the 2004 LTPA. In an e-mail dated October 10, 2005, Naaman informed Turner and Executive A 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. Naaman's e-mail to management 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. Turner responded to Naaman's e-mail on October 13, 2005, confirming that the requested kickback would be paid through an additional 2% "commission" to Naaman. On October 20, 2005, Turner and Alcor Manager discussed the wording of the invoice that Naaman would submit to Alcor to support the kickback, with Turner stating that "the fewer words the better!" That same day, Turner e-mailed Naaman the fictitious language that he wanted Naaman to include in the invoice that he submitted to Alcor for the \$195,912.78 payment.

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

39. On behalf of Innospec and Alcor, Naaman paid an official at the Trade Bank of Iraq in exchange for a favorable exchange rate on letters of credit for purchases under the 2004 LTPA.

40. In all, from October 2005 to 2007, Innospec paid approximately \$1,369,269 in bribes to Iraqi officials, a significant portion funneled through Naaman, in connection with the 2004 LTPA. The false commission invoices submitted by Naaman with the knowledge of Turner and senior officials at Innospec caused the bribe payments to be improperly booked as legitimate commission payments on Innospec's books and records.

**B. Bribery of 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, Turner, along with senior officers of Innospec, directed and approved Naaman to pay a bribe of \$155,000 in September 2006 and April 2007 to Iraqi officials, so that Innospec 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. Naaman agreed to funnel the bribe payment on Innospec's behalf.

42. Turner and other Innospec officials were 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, Turner and other senior officials at Innospec approved a payment of \$105,000 to Naaman, purportedly "for additional technical support and security operations required to nurture and protect ongoing TEL business in Iraq."

43. On February 28, 2007, Naaman sent Turner 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." Naaman 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 Naaman for the additional \$50,000 payment. The two payments totaling \$155,000 were improperly booked as legitimate commission payments on Innospec's books and records. Despite the agreement between Turner, Innospec officials and Naaman, Naaman retained some or all of the \$150,000 for himself.

45. Aside from agreeing to pay \$155,000 up front to ensure that the MMT test failed, Naaman, 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 Turner, Naaman 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." MMT was not admitted into Iraq. From in or around 2007 through February 2008, Turner, Naaman and Executive A agreed to pay bribes to MoO officials to secure the 2008 LTPA.

46. In January 2008 Alcor executed a second LTPA with the MoO. In or around late 2007 through early 2008, Naaman negotiated with a senior Iraqi MoO official to pay bribes under the 2008 LTPA. 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 Naaman.

47. The agreement; however, did not go forward due to the investigation and ultimate discovery of the widespread bribery in Iraq by United States regulators. Innospec admitted that 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 Naaman any commissions on the contract.

**C. Turner and Naaman Engaged in a Scheme to Pay 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, Turner and other Innospec officials directed and authorized payments, through Naaman, to fund lavish trips for Iraqi officials from 2002 through at least 2008.

49. For example, in 2002, Innospec, through Naaman, 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 and Turner arranged for Naaman 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 each of seven officials and approximately \$3,600 for the eighth official, who was head of the Iraqi delegation.

51. In another instance, Naaman submitted an invoice dated March 12, 2006, to Turner and 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 of \$3000 cash for three high level government officials and described the pocket money as “per diem payments as required by the Iraqi Ministry of Oil.”

52. In 2006, Innospec, through Naaman and Turner, paid \$13,076 for a trip taken by a MoO official to Jordan and then Thailand for a seven day honeymoon in exchange for the MoO official’s assisting Innospec in a court proceeding in the U.K. On instructions from Turner, Naaman falsified an invoice for reimbursement of the cost of the trip to Thailand, to read “payment for airfares for trip to Amman [by the MoO official and his wife]....for business discussions...” Innospec’s payment covered hotel accommodations, food, and transportation costs within Thailand.

53. On January 30, 2008, Naaman submitted another invoice to Alcor and Turner for approval and 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 United States 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.

### **III. TURNER ENGAGED IN BRIBERY OF INDONESIAN GOVERNMENT OFFICIALS AT STATE OWNED OIL AND GAS COMPANIES**

54. Turner, along with senior officials at Innospec, authorized and directed the payment of bribes to Indonesian government officials from at least 2000 through 2005, in order to win contracts for Innospec for the sale of TEL to state owned oil and gas companies in Indonesia. Turner and other Innospec officials and employees used various euphemisms to refer to the bribery scheme, including “the Indonesian Way,” “the Lead Defense Fund,” and “TEL optimization.” The euphemisms were commonly used in e-

mails and in discussions with Turner and others at Innospec who were complicit in the bribery schemes.

55. 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. Bribes to an Official at BP Migas in order to Generate More TEL Sales**

56. From 2000 until approximately 2005, Turner and senior officials at Innospec were involved in a scheme to use Indonesian Agent and his company to pay bribes of approximately \$1,323,507 to Official X, who was the chairman of an Indonesian state owned oil company called BP Migas. The scheme was outlined in an e-mail dated January 8, 2001 from Managing Director to Turner 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, 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 Innospec's 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 continued until 2005, when Indonesia converted to unleaded fuel and no longer needed TEL. On June 19, 2001, Managing Director sent Turner 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 B, saying that the new arrangement would be “completely separate and in addition to....the [payments to Official X] that is agreed annually in advance and paid annually in arrears once the required tonnage is achieved.” From 2000 to 2004, Innospec’s total revenues related to payments to Official X were \$43,775,782, with profits of approximately \$18,908,039.

**B. Improper Payments to an Account at Pictet Bank  
in Exchange for TEL Orders from Pertamina and Other One-Off  
Payments to Pertamina Officials**

60. Innospec also made various one-off payments in 2000 and 2001 to government officials at Pertamina, another Indonesian state owned oil company related to BP Migas. For example, Managing Director informed Turner that Innospec provided payments to Indonesian Agent to fund the purchase of a Mercedes for Official V of Pertamina who signed off on purchase orders for TEL. At a lunch, Official V informed Managing Director and Indonesian Agent that a high ranking Pertamina official ordered Official V to stop driving the car to the Pertamina offices because of the apparent appearance of wrongdoing.

61. In another example of a one-off payment, in an undated letter addressed to a former CFO of Innospec, 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. 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. **Bribes to a Government Official at Pertamina in Order to Sell 446.4 Metric Tons of TEL**

62. Turner, along with senior officials at Innospec, authorized and directed Indonesian Agent to bribe additional officials at Pertamina in order to influence their decisions regarding purchasing TEL from Innospec.

63. For instance, on December 18, 2003, an employee of Indonesian Agent e-mailed Turner saying that Indonesian Agent had just returned from a meeting with Official Y at 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 Turner 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 Executives A and B, Turner said that the entire Board of Pertamina had been replaced and that “the old position of [Official Y was] no more.” Turner added that Official Y’s role would be filled by Official Z 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 MT of TEL from Pertamina. In exchange, Innospec, through Turner, agreed to a "one off payment" of \$300,000 to Indonesian Agent with the understanding that it would be passed on to Official Z.

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, Turner 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 e-mailed Turner 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 Turner and Executive A approved it. On March 18, 2005, Innospec credited the invoice payment to Indonesian Agent's account in Singapore. The false invoices and Turner's authorization of them caused Innospec to inaccurately record in its books and records 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, Turner directed and approved the payment of 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.

## **CLAIMS FOR RELIEF**

### **FIRST CLAIM**

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

Paragraphs 1 through 69 are realleged and incorporated by reference.

70. As described above, Turner and Naaman, 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.

71. By reason of the foregoing, and pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Turner and Naaman violated, and aided and abetted Innospec's violations of, and unless enjoined will continue to violate, and aid and abet violations of, Section 30A of the Exchange Act. [15 U.S.C. § 78dd-1]

### **SECOND CLAIM**

#### **[Violations of Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 thereunder]**

Paragraphs 1 through 71 are realleged and incorporated by reference.

72. As described above, Turner and Naaman knowingly circumvented or knowingly failed to implement a system of internal accounting controls or knowingly falsified any book, record or account as described in Section 13(b)(2) of the Exchange

Act [15 U.S.C. § 78m(b)(2)] or falsified or caused to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

73. As described above, Turner directly or indirectly made or caused to be made a materially false or misleading statement to an accountant in connection with an audit, review or examination of the financial statements of Innospec.

74. By reason of the foregoing, Turner and Naaman violated, and unless enjoined will continue to violate, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1], and as to Turner, violated Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

### **THIRD 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, Turner and Naaman, knowingly provided substantial assistance to Innospec's failure to make and 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, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Turner and Naaman aided and abetted Innospec's violations of, and unless enjoined will continue to aid and abet violations of, Section 13(b)(2)(A) of the Exchange Act. [15 U.S.C. § 78m(b)(2)(A)]

### **FOURTH 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, Turner and Naaman knowingly provided substantial assistance to Innospec's failure 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, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Turner and Naaman aided and abetted violations of, and unless enjoined will continue to aid and abet violations of, 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 Turner and Naaman from violating Exchange Act Sections 30A and 13(b)(5) and Rule 13b2-1 thereunder, [15 U.S.C. § 78dd-1, § 78m(b)(5), and 17 C.F.R. § 240.13b2-1] and from aiding and abetting violations of Exchange Act Sections 30A, 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. § 78dd-1, § 78m(b)(2)(A) and § 78m(b)(2)(B)], and as to Turner from violating Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

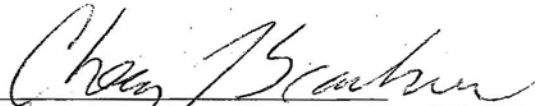
B. Ordering Turner and Naaman to disgorge ill-gotten gains wrongfully obtained as a result of their illegal conduct, including Naaman's pre-judgment interest;

C. Ordering Naaman to pay a civil penalty pursuant to Exchange Act Sections 21(d)(3) and 32(c) [15 U.S.C. §§ 78u(d)(3) and 78ff(c)]; and

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

Dated: Aug 4, 2010

Respectfully submitted,



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