

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73437 / October 27, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16216

In the Matter of

**LAYNE CHRISTENSEN
COMPANY,**

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, MAKING
FINDINGS, AND IMPOSING A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Layne Christensen Company (“Layne Christensen” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

SUMMARY

1. These proceedings arise out of violations of the anti-bribery, recordkeeping, and internal controls provisions of the Foreign Corrupt Practices Act (the "FCPA") by Layne Christensen. Between 2005 and 2010, Layne Christensen, through its wholly-owned subsidiaries in Africa and Australia, made a total of more than \$1,000,000 in improper payments to foreign government officials in the Republic of Mali, the Republic of Guinea, Burkina Faso, the United Republic of Tanzania, and the Democratic Republic of the Congo. With the knowledge and approval of one of its officers, Layne Christensen made these improper payments in order to obtain favorable tax treatment, customs clearance for drilling equipment, work permits for expatriates, and relief from inspection by immigration and labor officials, as well as, to avoid penalties for the delinquent payment of taxes and customs duties and the failure to register immigrant workers. Layne Christensen funded some of these payments through cash transfers from its U.S. bank accounts to its Australian and African subsidiaries.

2. Layne Christensen falsely recorded these improper payments as legitimate expenses and failed to maintain a system of internal accounting controls sufficient to provide reasonable assurances over its operations.

3. As a result of making improper payments to foreign officials in Africa, Layne Christensen (1) realized improper tax benefits; (2) secured customs clearance of a drilling rig and other equipment; (3) avoided assessed customs duties and associated penalties; and (4) secured work permits for its employees and avoided the possible deportation of its undocumented workers and penalties for the failure to register these workers. Overall, Layne Christensen realized benefits of approximately \$3.9 million by making improper payments to foreign officials in Africa between 2005 and 2010.

RESPONDENT

4. Layne Christensen is a Delaware corporation headquartered in The Woodlands, TX. Layne Christensen is a global water management, construction, and drilling company with more than 100 offices in Africa, Australia, Europe, South America, and North America. Layne Christensen's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and its securities are listed on the NASDAQ Global Select market under the ticker symbol LAYN.

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

OTHER RELEVANT ENTITIES

5. Layne Christensen Australia Pty Limited. (“Layne Australia”) is an Australian shell corporation and wholly-owned subsidiary of Layne Christensen based in Perth, Australia. Through Layne Australia, Layne Christensen holds a 100% interest in holding company Stanley Mining Services (“SMS”). SMS, in turn, owns all of the equity interests of the following wholly-owned subsidiaries: International Mining Services Pty Limited, West African Drilling Services Sarl in Mauritania and Guinea (“WADS”), and Layne Drilling in Mali, Tanzania, and Burkina Faso (“Layne Drilling”). Layne Australia provides management and financial accounting services to Layne Christensen’s companies operating in these African countries. Layne Christensen exercised direct operational control over these wholly-owned subsidiaries and consolidated their results in its financial statements.

6. Layne Drilling (DRC) SPRL (“Layne Drilling DRC”) is a wholly-owned subsidiary of Layne Christensen held through a Delaware corporation and operates in the Democratic Republic of Congo.

FACTS

Knowledge of Improper Payments

7. The Mineral Exploration Division (“MinEx”) is Layne Christensen’s second-largest business division and is primarily responsible for the Company’s mineral exploration drilling operations worldwide. Between 2005 and 2010, the president of MinEx (the “MinEx President”) was a corporate officer of Layne Christensen and reported directly to Layne Christensen’s Chief Executive Officer. Based in Salt Lake City, UT, the MinEx President supervised all of Layne Christensen’s mineral exploration drilling operations, including operations in Australia and Africa.

8. The MinEx President had knowledge of and, in some instances, authorized the direct and indirect payment of bribes to foreign officials in Africa to obtain or retain business. Specifically, he was aware of payments made to third-party agents retained by Layne Christensen’s African subsidiaries in order to obtain favorable tax treatment and to customs officials to obtain clearance for equipment and reduced customs duties.

Payments to Achieve Favorable Tax Treatment

9. Between 2005 and 2009, Layne Christensen paid approximately \$768,000 in bribes to foreign officials in Mali, Guinea, and the Democratic Republic of the Congo, through its wholly-owned subsidiaries WADS and Layne Drilling, in order to reduce its tax liability and to avoid associated penalties for delinquent payment. By making these improper payments, Layne Christensen realized more than \$3.2 million in improper tax savings.

REPUBLIC OF MALI

10. In connection with a 2005 tax audit, the WADS subsidiary made two improper payments totaling \$93,000 to Malian tax officials through its local agent. The purpose of these payments was to reduce its liability for unpaid taxes and associated penalties.

11. The payments were made on September 5, 2005 and October 19, 2005. WADS falsely recorded the payments, respectively, as an "Advance of Audit" in its prepaid taxes account and as the "take up cost" of the agent's freight invoice (no freight services were provided).

12. The MinEx President was aware that WADS had engaged the agent in order to reduce its tax liability, and that as a result WADS had reduced its tax liability to less than half the original assessment. The MinEx President did not question how these tax savings were achieved.

13. In order to fund the payments, the chief financial officer of MinEx (the "MinEx CFO") directed another Layne Christensen subsidiary to transfer funds to WADS and WADS's financial controller to execute a cash call to Layne Christensen's corporate office. Layne Christensen wired funds from one of its U.S. banks accounts to WADS on the same day.

14. In 2007, WADS again made two improper payments to Malian tax officials through the same agent that it used in 2005. As a result of the payments, Layne avoided taxes and penalties of more than \$1.2 million.

15. The check requisition used to make a payment to the agent listed the purpose of this payment as "Fret fees for container" and it was accompanied by an invoice from an unrelated company. The payment of \$168,000 was falsely recorded as freight fees in Layne's books and records.

16. Following this payment, WADS received an official notice reflecting a substantial reduction in its tax assessment and indicating that WADS was entitled to a credit of approximately \$280,000 that could be used to offset its tax liability. Internal emails show that the Malian tax inspectors had requested a payment of about \$67,000 to ensure that WADS would receive this tax credit. WADS's financial controller wrote, "We have already paid the equivalent of \$US\$168K to [tax agent]. I was under the impression that this took care of all of 'their' payments." Nevertheless, one day later, WADS issued another check to the tax agent in the amount of approximately \$68,000. The accompanying check requisition identified the payment as related to "Fiscal Audit 2005/2006" and WADS falsely recorded it as "Property Rates and Taxes" in its books and records.

17. The MinEx CFO provided the MinEx President with a memo summarizing the history of the tax assessments and the subsequent reductions. As in 2005, the MinEx President did not question how the tax savings were achieved.

REPUBLIC OF GUINEA

18. In 2006, WADS reduced its tax liability by paying bribes through two lawyers retained at the suggestion of the tax authorities but who provided no services.

19. WADS received an official tax assessment for the tax years 2002-2004 on February 15, 2006. However, prior to this date, WADS's Finance Manager and tax consultants from a local affiliate of a large multinational accounting firm ("International Tax Consultants") had been negotiating the amount of the assessment with Guinean tax officials. The WADS Finance Manager told the MinEx CFO that the official assessment was substantially lower than the amount that the Guinean tax authority had initially proposed but acceptance of this lower amount was conditioned on WADS making the payment within two days of the assessment. Without providing any supporting documentation, the MinEx CFO sent an email to Layne Christensen's corporate office seeking an urgent transfer of funds. Despite the lack of documentation or a justification for the transfer, Layne Christensen wired more than \$200,000 from a U.S. bank account to WADS's local bank account on the same day.

20. On February 17, 2006, WADS made a single payment of approximately \$97,648 to the tax authority and payments of \$24,000 and \$101,000 to the two lawyers, respectively. In comparison, WADS paid the International Tax Consultants only \$8,400 for their services.

21. WADS falsely recorded the payments made to the lawyers as legal expense although internal communications show that the lawyers provided no services. In a March 14, 2006 memorandum to the MinEx CFO, the MinEx Tax Manager acknowledged that "The [C]ompany has never engaged any lawyers or other accountants in Guinea and [is] never likely to." However, he reasoned that although the payments to the lawyers could not be considered legal expense because although the lawyers did not perform any work and were "merely a conduit for the money," WADS could record them as tax expense because WADS would have faced a larger tax assessment if it had not made these payments.

22. In 2008, WADS obtained over a 90% reduction in its assessed taxes and penalties by funneling an improper payment of \$273,000 to Guinean tax officials through the same lawyers that it used in connection with the 2006 audit.

23. On June 26 and 27, 2008, the lawyers submitted invoices to WADS totaling approximately \$273,000 purportedly for rendering assistance with the tax audit. Neither lawyer participated in negotiating the settlement of the tax audit. WADS paid the lawyers' invoices on July 22, 2008.

24. Layne Christensen funded the payments to the lawyers through wire transfers from a U.S. bank account. On July 2, 2008, the MinEx CFO sought a cash call from Layne Christensen's corporate office. The stated purpose of the request was to pay WADS's outstanding taxes but the amount requested exceeded the assessed tax amount. Without

supporting documentation or further justification, Layne Christensen wired the funds on July 2 and 21, 2008, and falsely recorded the payments as tax expense.

25. In an internal memorandum dated July 23, 2008 that was provided to officers of Layne Christensen, the MinEx Tax Manager explained that on June 17, 2008, following the issuance of the original tax assessment in May, the tax authorities suggested WADS retain the same lawyers that it had used in 2006 to represent it in negotiating the tax assessment. Shortly thereafter, without engagement letters or the approval of Layne Christensen's management, WADS retained both lawyers on a success-fee basis that tied their compensation to the amount by which the assessment was reduced.

26. The MinEx Tax Manager also noted that a portion of the fees paid to the lawyers could have been used to fund illegal payments to tax officials and that the lawyers and the International Tax Consultants pressured WADS to make the payments to the lawyers in order to obtain a settlement of the audit.

27. A few days later, the MinEx President learned that WADS had achieved a substantial reduction in its tax assessment. On July 25, 2008, the Vice President of Operations for Africa and Australia informed the MinEx President that the amount of the settled tax assessment was materially different from the MinEx Division's forecasted amount, could have a material impact on Layne Christensen's reported earnings, and could be scrutinized by Layne Christensen's auditors. The MinEx President also learned that WADS had retained the lawyers without engagement letters. As with the Malian tax audits in 2005 and 2007, the MinEx President did not question how the tax savings were achieved.

DEMOCRATIC REPUBLIC OF THE CONGO

28. In July 2009, Layne Drilling DRC made an improper payment of more than \$50,000 to tax officials in the Democratic Republic of the Congo ("DRC") through an agent in order to reduce its liability for unpaid taxes and penalties.

29. After receiving a multi-million dollar tax assessment in June 2009, Layne Drilling DRC's local tax agent recommended that it engage a specialized lawyer to negotiate a reduction in the assessment. On June 19, 2009, the MinEx CFO sought the approval of the MinEx President to retain the lawyer as Layne Drilling DRC's agent. Emphasizing that there was "a lot at stake, potentially \$millions," the MinEx CFO explained that he had spoken to the country manager and knew "more than can be written down." However, he wrote that the transaction would entail paying \$30,000 in taxes and \$50,000 in legal commissions in an arrangement similar to the arrangement made with the lawyers in Guinea the previous year. The MinEx CFO also stated that all payments to the tax authorities would be made through the lawyer. Without questioning either the need to retain an agent or the suspicious proposed arrangement, the MinEx President approved Layne Drilling DRC's retention of the lawyer.

30. On July 9, 2009, Layne Drilling DRC paid the lawyer \$57,200 and falsely recorded the payment as legal expense.

31. The next day, the DRC tax authority issued a revised final tax assessment to Layne Drilling DRC. The amount of the revised tax assessment was substantially lower than the assessment issued to Layne Drilling DRC in June 2009.

Payments to Reduce Customs Duties and Obtain Customs Clearance

32. Layne Christensen made multiple improper payments to customs officials in Burkina Faso and the DRC between 2007 and 2010 in order to avoid paying customs duties and to obtain clearance for the import and export of its equipment in these countries. Layne Christensen made these improper payments through its customs clearing agents and falsely recorded the payments as legal fees and agent commissions in its books and records.

BURKINA FASO

33. Burkina Faso's customs authority conducted an audit of WADS in June 2010. The auditors found that WADS had failed to comply with customs regulations relating to the importation of certain goods and to pay sufficient customs duties on these items. As a result, the customs authority assessed WADS nearly \$2 million in unpaid duties and penalties.

34. Although WADS had retained a new customs clearing agent prior to receiving this assessment, it engaged its former customs agent purportedly to negotiate a reduction in the assessment. The former agent had cleared the disputed items but WADS terminated it in or about May 2009 due, in part, to poor performance. Nevertheless, WADS reengaged its former agent in June 2010 because the agent's owner was well-connected with customs authorities in Burkina Faso. In an email to the MinEx CFO, the WADS Finance Manager described the agent as someone who is "well known in the game." In addition, he informed the MinEx CFO that WADS retained the agent on a success fee basis and would pay the agent 10% of the difference between the original assessment and the final assessment.

35. On August 1, 2009, the MinEx CFO also told the MinEx President and another senior employee that WADS had retained a third-party agent to negotiate a settlement of the customs audit and the assessed customs duties were reduced from nearly \$2 million to less than \$300,000. The MinEx CFO recommended that WADS accept this settlement and he sought the approval of the MinEx President to send \$300,000 to pay the customs fees and penalties as well as \$100,000 for the agent's commission. Without questioning the identity of the agent, the nature of the services provided, or the size of the commission, the MinEx President approved the payments.

36. The MinEx CFO initiated cash calls to fund the payments and Layne transferred funds from a U.S. bank account to WADS on August 4 and August 28, 2010. Between August 4 and 20, 2010, WADS paid the agent a total of approximately \$138,000, including one cash payment. WADS falsely recorded the payments to the agent as legitimate consultant fees in its books and records.

DEMOCRATIC REPUBLIC OF THE CONGO

a. Importation of Drilling Rigs and Equipment

37. In 2007, Layne Drilling DRC made improper payments to customs officials to obtain the initial importation of its drilling rigs and other equipment into the DRC.

38. In 2006 and 2007, Layne Drilling DRC encountered significant delays in obtaining customs clearance for the importation of its equipment, which resulted in the WADS Finance Manager terminating Layne Drilling DRC's then-customs clearing agent and hiring a new agent ("Customs Clearance Agent") in March 2007. The new Customs Clearance Agent was managed by the brother of a national government official in the DRC ("DRC Official"). In an email to the MinEx President, the WADS Finance Manager said that he had found someone who is "more connected" and "can get things moving for us." As an example, he noted that the Customs Clearance Agent had obtained clearance for two trucks in only two days whereas the former agent had been unable to clear three trucks through customs for more than five weeks.

39. Between March and September 2007, Layne Drilling DRC paid a total of approximately \$124,000 to the Customs Clearance Agent for irregular expenses, described as things such as "per diem," "intervention expenses," and "honoraires," that were not related to specific invoices. Layne Drilling DRC paid the Customs Clearance Agent upon request and in amounts dictated by the agent. In addition, on two occasions, Layne Drilling DRC made payments to an unrelated third party in the U.S. at the direction of the Customs Clearance Agent.

40. As a result of these payments, Layne Christensen was able to import equipment necessary to perform on its existing contracts and derived more than \$300,000 in benefits in 2007.

41. Layne Drilling DRC inaccurately recorded these payments as legitimate expenses relating to customs and clearance in its books and records.

b. Customs Clearance for Exports

42. Soon after beginning operations in the DRC in 2007, Layne Drilling DRC hired the nephew of the DRC Official as an office manager. Internal documents describe the DRC Official as Layne Drilling DRC's "protector" and show that Layne Drilling DRC hired the DRC Official's nephew in order to facilitate a good relationship.

43. Between November 2007 and August 2008, the office manager approved and made \$18,000 in cash payments from Layne Drilling DRC's account. These payments were purportedly made based on invoices submitted by a local firm that had allegedly provided customs clearance services but with whom Layne Drilling DRC had no written contract. Many of the payments were made outside of Layne Drilling DRC's vendor system. In addition, the firm's invoices were undated and included undefined "per diem" and "honoraire" expenses,

similar to the invoices submitted by the Customs Clearance Agent. Layne improperly recorded these payments as legitimate customs and clearance expenses.

c. Exportation of Equipment

44. In 2009 and 2010, Layne Drilling DRC made payments through its agents to customs officials in order to secure the exportation of goods and equipment from the DRC to Zambia.

45. In June 2009, Layne Drilling DRC retained a customs clearing agent to facilitate the export of a drilling rig to Zambia on an expedited basis. However, when the customs clearing agent indicated that the exportation would be delayed due to the lack of documentation relating to the original importation of the drilling rig Layne Drilling DRC replaced the agent.

46. Between July 10 and July 17, 2009, Layne Drilling DRC paid \$7,186 to the second agent who, in turn, made payments to customs officials and on July 20, 2009, the drilling rig was successfully exported to Zambia and placed it into operations. Layne Drilling DRC inaccurately recorded payments made to the agent as “governor office release rig” and “release documents for rig44.”

47. By making improper payments to customs officials to secure the export of this drilling rig, Layne Drilling DRC realized benefits of approximately \$145,000.

48. Similarly, between April and November 2010, Layne Drilling DRC made nearly \$15,000 in improper payments, through its agent, to DRC officials in order to again obtain clearance of goods for export to Zambia that lacked the proper import documentation. As before, the agent provided invoices that included “honoraires” and “per diems” and the payments were falsely recorded as legitimate customs and clearance expenses in Layne’s books and records.

OTHER PAYMENTS

49. Between 2007 and 2010, Layne Christensen made more than \$10,000 in small payments to foreign officials through various customs and clearing agents that it used in the Republic of Tanzania, Burkina Faso, the Republic of Mali, Mauritania, and the DRC. These payments ranged from \$4 to \$1,700 and were characterized in invoices submitted by the agents as, among other things, “intervention,” “honoraires,” “commissions,” and “service fees.”

50. Between 2006 and 2010, Layne Christensen made more than \$23,000 in cash payments, through its subsidiaries, to police, border patrol, immigration officials, and labor inspectors in Burkina Faso, Guinea, Tanzania, and the DRC to obtain border entry for its equipment and employees, to secure work permits for its expatriate employees, and to avoid penalties for noncompliance with local immigration and labor regulations.

LEGAL STANDARDS

C. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder or any other person that is, was, or would be a cause of the violation due to an act or omission the person knew or should have known would contribute to such violation.

Violations of the Recordkeeping and Internal Controls Provisions of the FCPA

D. Section 13(b)(2)(A) of the Exchange Act requires issuers to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A).

E. Section 13(b)(2)(B) of the Exchange Act requires issuers 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 (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 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. 15 U.S.C. § 78m(b)(2)(B).

F. As described above, Layne Christensen violated Section 13(b)(2)(A) of the Exchange Act by falsely recording improper payments that its wholly-owned subsidiaries made to foreign officials in Africa as legitimate expenses, including commissions, consulting fees, customs and clearing expenses, border assistance, and freight fees. Layne Christensen also violated Section 13(b)(2)(B) by failing to devise and maintain sufficient accounting controls to detect and prevent the making of these improper payments to foreign officials.

Violations of the Anti-Bribery Provision of the FCPA

G. Section 30A of the Exchange Act makes it unlawful for any issuer, officer, director, employee, or agent of such issuer or any stockholder thereof acting on behalf of the issuer, to make use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an 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 any foreign official or 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 for the purposes of (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 in order to assist such issuer in obtaining or retaining business for or with, or directing business to, any person. 15 U.S.C. § 78dd-1.

H. Layne Christensen violated Section 30A of the Exchange Act by paying bribes, through its wholly-owned subsidiaries and their agents, to foreign officials in multiple African countries in order to obtain or retain business. From 2005 through 2010, with the knowledge and approval of one of its corporate officers, Layne Christensen paid over \$1 million in bribes to foreign officials in order to, among other things, obtain favorable tax treatment, customs clearance for its equipment, and a reduction in its customs duties. Layne Christensen funded many of these improper payments by transferring money from its U.S. bank accounts to its wholly-owned subsidiaries who, in turn, funneled cash to foreign officials through agents that the subsidiaries retained.

REMEDIAL MEASURES AND COOPERATION

I. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff.

J. Since 2010, Layne Christensen has implemented a number of remedial measures designed to identify and mitigate bribery risks and to prevent FCPA violations in the future. Upon learning of possible improper payments made to foreign officials by its staff in Africa, Layne Christensen's senior management and Audit Committee responded quickly by initiating an investigation conducted by an outside law firm and forensic accounting experts, self-reporting its preliminary findings to the Commission, and publicly disclosing its potential FCPA violations. During the course of the investigation, Layne Christensen terminated four employees, including the MinEx President, the MinEx CFO, and the WADS Finance Manager for their roles in the misconduct, and reduced the compensation of the MinEx President for failing to establish a strong compliance tone at the top. In addition, the Company conducted a comprehensive risk assessment of its worldwide operations and implemented measures to address its most significant corruption risks.

K. Layne Christensen also took affirmative steps to strengthen its internal compliance policies, procedures, and controls. Layne Christensen issued a standalone anti-bribery policy and procedures, improved its accounting policies relating to cash disbursements, implemented an integrated accounting system worldwide, revamped its anti-corruption training, and conducted extensive due diligence of third parties with which it does business. In addition, Layne Christensen hired a dedicated chief compliance officer and three full-time compliance personnel and retained a consulting firm to conduct an assessment of its anti-corruption program and make recommendations.

L. Layne Christensen exhibited a high level of cooperation throughout the Commission's investigation. In addition to self-reporting to the Commission shortly after it discovered potential FCPA violations, Layne Christensen voluntarily provided the Commission with real-time reports of its investigative findings, produced English language translations of documents, made foreign witnesses available for interviews in the United States, shared summaries of witness interviews and reports prepared by forensic consultants retained in connection with the Company's internal investigation, and responded to the Commission's requests for documents and information in a timely manner. These actions assisted the

Commission in efficiently collecting valuable evidence, including information that may not have been otherwise available to the staff. Based on these factors, the Commission considered Layne Christensen's significant cooperation in determining to accept the Respondent's Offer.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Layne Christensen's Offer.

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 21C of the Exchange Act, Respondent Layne Christensen cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A), 13(b)(2)(B), and 30A of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A), 78m(b)(2)(B), and 78dd-1].
- B. Respondent shall, within fourteen (14) days of the entry of this Order, pay disgorgement of \$3,893,472.42 which represents profits gained and losses avoided as a result of the conduct described herein, prejudgment interest of \$858,720.68, and a civil money penalty of \$375,000 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:
 - (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
 - (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
 - (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Layne Christensen as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kara N. Brockmeyer, Chief, Foreign Corrupt Practices Act Unit, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5646.

C. Respondent undertakes to:

- (1) Report to the Commission periodically, at no less than nine-month intervals during a two-year term, the status of its FCPA and anti-corruption related remediation and implementation of compliance measures. During this two-year period, should the Respondent discover credible evidence, not already reported to the Commission, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Respondent entity or person, or any entity or person acting on behalf of Respondent, or that related false books and records have been maintained, Respondent shall promptly report such conduct to the Commission staff. During this two-year period, Respondent shall (1) conduct an initial review and submit an initial report, and (2) conduct and prepare two follow-up reviews and reports, as described below:
 - a. Respondent shall submit to the Commission staff a written report within one 180 calendar days of the entry of this Order setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the policies and procedures of Respondent for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the parameters of the subsequent reviews (“the “Initial Report”). The Initial Report shall be transmitted to Charles E. Cain, Deputy Chief, FCPA Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5030. Respondent may extend the time period for issuance of the Initial Report with prior written approval of the Commission staff.
 - b. Respondent shall undertake two follow-up reviews, incorporating comments provided by the Commission on the previous report, to further monitor and assess whether the policies and procedures of the Respondent are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws (the “Follow-up Report”).
 - c. The Follow-up Report shall be completed by no later than 270 days after the Initial Report. The second Follow-Up Report shall be completed by no later than 270 days after the completion of the first Follow-Up Report. Respondent may extend the time period for issuance of the Follow-up Report with prior written approval of the Commission staff.
 - d. The periodic reviews and reports submitted by Respondent will likely include proprietary, financial, confidential, and competitive

business information. Public disclosure of the reports could discourage cooperation, impede pending or potential government investigations or undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except (a) pursuant to court order, (b) as agreed by the parties in writing, (c) to the extent that the Commission staff determines in its sole discretion that disclosure would be in furtherance of the Commission's discharge of its duties, or (d) is otherwise required by law.

- (2) Certify, in writing, compliance with the undertaking(s) set forth above. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Charles E. Cain, Deputy Chief, FCPA Unit, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

- D. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of \$375,000 based upon its cooperation in a Commission investigation and related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to any statute of limitations defense.

By the Commission.

Brent J. Fields
Secretary