



U.S. Department of Justice

Criminal Division

*Fraud Section
1400 New York Avenue, NW
Washington, D.C. 20005*

September 29, 2016

Steven A. Tyrrell, Esq.
Weil, Gotshal & Manges LLP
1300 Eye Street NW, Suite 900
Washington, DC 20005-3314

Re: HMT LLC

Dear Mr. Tyrrell:

Consistent with the FCPA Pilot Program announced April 5, 2016, the Department of Justice, Criminal Division, Fraud Section and the United States Attorney's Office for the Southern District of Texas (collectively, the "Department") are closing their investigation of your client, HMT LLC ("HMT"), a company incorporated in Delaware and based in Texas that manufactures, supplies, and services aboveground liquid storage tanks for the petroleum, oil, and gas industries, concerning violations of the Foreign Corrupt Practices Act (the "FCPA"), 15 U.S.C. §§ 78dd-2 and 78dd-3.

The Department's investigation found that HMT, through its employees and agents, paid approximately \$500,000 in bribes to government officials in Venezuela and China in order to influence those officials' current and future purchasing decisions and thereby secure \$2,719,412 in net profits.

From approximately 2002 until approximately 2011, an HMT sales agent who was retained to promote and sell HMT's products in Venezuela ("Venezuela agent") illegally paid bribes to Venezuelan government officials in order to persuade Petróleos de Venezuela, S.A. ("PDVSA"), Venezuela's state-owned and state-controlled energy company (an "instrumentality" under the FCPA), to purchase HMT products. To fund these bribes, the Venezuela agent frequently quoted prices to PDVSA that were substantially higher than the price HMT had quoted to the Venezuela agent. PDVSA paid the inflated prices to HMT, which kept the amount it had quoted the Venezuela agent and paid the Venezuela agent the remainder, purportedly as commission and subcontracting fees. HMT paid the Venezuela agent by wiring the purported commissions and subcontracting fees from its bank account in Texas to bank accounts designated by the agent in Panama, Curacao, and other locations. The Venezuela agent then used a portion of HMT's payment to pay PDVSA employees and other Venezuelan

government officials. On certain sales to PDVSA, the Venezuela agent acted as a reseller/distributor rather than a sales agent, and on those sales, the Venezuela agent paid HMT for the products, and then resold the products to PDVSA at a higher price, using the difference to pay bribes to PDVSA employees and other Venezuelan government officials.

Two regional HMT managers based in Houston, Texas, who were responsible for HMT's Latin America sales operations during the relevant period, approved the commissions and subcontracting payments to the Venezuela agent. In 2008, one of the regional managers was explicitly told by the Venezuela agent that the Venezuela agent was paying bribes, and the other regional manager was subsequently provided with information from the Venezuela agent sufficient to notify him that the Venezuela agent was paying the bribes described above.

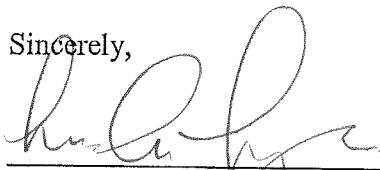
In addition, from approximately 1999 through approximately 2011, a distributor engaged by an HMT subsidiary to promote and sell HMT's products in China ("China distributor") illegally paid bribes to Chinese government officials in exchange for purchases of HMT products by various Chinese state-owned enterprises. The China distributor paid bribes on almost all transactions in China. An HMT regional manager responsible for overseeing sales of HMT products in China from February 2008 until at least approximately July 2010 received emails in connection with several of these transactions sufficient to provide notice that bribes were being paid by the China distributor. The regional manager is a U.S. citizen who was paid by HMT during the relevant time period and was an employee of HMT.

The Department's decision to close its investigation into this matter is based on a number of factors, including but not limited to: (1) HMT's timely, voluntary self-disclosure of the matters described above; (2) HMT's thorough and comprehensive global investigation of the matter; (3) HMT's full cooperation in this matter (including its provision of all known relevant facts about the individuals involved in or responsible for the misconduct) and its agreement to continue to cooperate in any ongoing investigations of individuals; (4) HMT's agreement to disgorge to the Department all profits it made from the illegal conduct; (5) the steps HMT has taken and continues to take to enhance its compliance program and its internal accounting controls; and (6) HMT's full remediation (including terminating eight employees – including two regional managers and a director of business development – involved in the conduct, sanctioning ten employees through suspensions, pay freezes, bonus suspensions, and reductions of responsibilities, and severing business relationships with the Venezuela agent and the China distributor who were involved in the conduct). HMT also severed business relationships with seven other agents/distributors based on the findings of its investigation.

Pursuant to this letter agreement, HMT agrees to disgorge \$2,719,412 (the "Disgorgement Amount"), which represents the profit to HMT from the illegally obtained sales in Venezuela and China. HMT shall pay the Disgorgement Amount to the United States Treasury within ten business days of its execution of this letter. HMT acknowledges that no tax deduction may be sought in connection with any part of its payment of the Disgorgement Amount. HMT further agrees that it will not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the Disgorgement Amount.

This letter agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with HMT. If the Department learns information that changes its assessment of any of the factors outlined above, it may reopen its inquiry.

Sincerely,

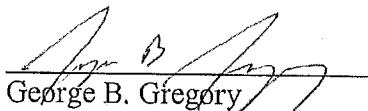


Lorinda Laryea, Trial Attorney
Daniel Kahn, Deputy Chief

HMT agrees and consents to the facts and conditions set forth herein:

Date: Sept. 28, 2016

BY:



George B. Gregory
President and Chief Executive Officer
HMT LLC