

# Oil Giants Shell and Eni Face Trial in Milan Over Bribery Allegations in Biggest Corruption Case Facing Sector in Years

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*One of the biggest corruption cases faced by the oil industry in recent years is due to resume in Milan on Wednesday as two of the world's biggest oil companies Royal Dutch Shell and Italian firm Eni are facing trial.*

Prosecutors are bringing criminal charges against Shell and Eni executives over [allegations of corruption regarding a \\$1.3 billion oil deal in Nigeria](#).

This is the first time an oil company as large as Shell or senior executives of a major oil company have ever stood trial for bribery offences.

The case, which has been repeatedly delayed, involves the 2011 purchase by Shell and Eni of Nigeria's OPL 245 offshore oilfield — one of Africa's most valuable oil blocks.

Prosecutors in Milan have accused Shell and Eni of paying bribes to win the licence to explore the field which has never entered into production.

They allege that Shell and Eni paid \$1.1 billion into an account for the Nigeria government of which [\\$800 million was later transferred to Malabu Oil and Gas](#), a company secretly owned by former Nigerian petroleum minister and [convicted money launderer Dan Etete](#), to be distributed as payoffs.

The \$800 million payment was [wired through London by bank JP Morgan Chase](#). A lawsuit accusing JP Morgan of negligence against the transfer has been filed against the bank in Nigeria.

According to court documents seen by [Reuters](#), the bank admitted it knew Etete would benefit from the \$800 million payment. It also argued the UK's Serious Organised Crime Agency (now the National Crime Agency) approved the payment.

JP Morgan denied negligence and previously said it "considers the allegations made in the claim to be unsubstantiated and without merit".

Prosecutors in Milan have also alleged that [\\$520 million from the deal was converted into cash](#) and intended to be paid to the then Nigerian **President Goodluck Jonathan**, members of the government and other Nigerian government officials.

They claimed \$50 million in cash was also delivered to the home of Eni executive

## **Roberto Casula.**

Charges have been brought against Eni's chief executive **Claudio Descalzi** and former chief of exploration and production for Shell **Malcolm Brinded**. No current Shell officials are facing charges in the case.

Both Shell and Eni have repeatedly denied wrongdoing.

In a [statement](#), Shell said:

"We believe the trial judges will conclude that there is no case against Shell or its former employees. There is no place for bribery or corruption in our company."

On its [website](#), Eni said:

"Eni's Board of Directors has reaffirmed its confidence that the company was not involved in alleged corrupt activities in relation to the transaction. The board of directors also confirmed its full confidence that chief executive Claudio Descalzi was not involved in the alleged illegal conduct and, more broadly, in his role as head of the company."

The case is likely to shed some light on the murky dealings of international oil companies to access resources, including paying governments large sums of money in exchange of securing licensing rights.

**Barnaby Pace**, from NGO Global Witness, said the trial could be "a turning point" for the oil industry.

He said:

"Some of the most senior executives of two of the biggest companies in the world could face prison sentences for a deal struck under their watch. Shell has recently accused one of these former executives of taking kickbacks in a separate Nigerian deal. How long before Shell cracks over this case too?"

The case also highlights the role played by London in facilitating the transfer of money from oil companies to government officials.

Earlier this year, a [special investigation by DeSmog UK](#) revealed how small oil and gas companies are using London's junior stock market, the Alternative Investment Market (AIM), to finance sometimes unsavoury business activities in frontier markets across Africa.

DeSmog UK's [Empire Oil](#) investigation used the example of [Sirius Petroleum](#), a small oil investment company listed on AIM and operating in the Niger Delta to shed some light on the exchange's regulatory flaws and the City's enabling role.

Talking about the Shell and Eni trial, Chairman of Nigerian NGO Human and Environmental Development Agenda, **Lanre Suraju**, said:

“It is a clear signal that it is no longer business as usual for oil companies in Nigeria. It’s time justice was served.”

“This case heralds the dawning of the age of accountability, a world where even the most powerful corporations can no longer hide their wrongdoing and avoid justice,” said **Antonio Tricarico**, from Italian anti-corruption NGO Re:Common.

DeSmog UK previously revealed how [UK ministers agreed to lobby the Nigerian Government to protect Shell’s oil interests in the Niger Delta](#) despite the company’s poor human rights and environmental record in the region.

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