

communication, and the means or instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Venue is proper because NATCO is headquartered in Houston, Texas, and certain of the acts, practices, transactions and courses of business alleged herein occurred within the Southern District of Texas.

DEFENDANT

3. NATCO Group Inc., a Delaware corporation with its headquarters in Houston, Texas, designs, manufactures, and markets oil and gas production equipment and systems that are used worldwide. At all relevant times, NATCO's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and was listed on the New York Stock Exchange. On November 18, 2009, NATCO became a subsidiary of Cameron International Corporation, a publicly held reporting corporation listed on the NYSE, and the registration of NATCO's common stock and its listing on the NYSE ended.

RELATED ENTITIES

4. TEST Automation & Controls, Inc. is a Louisiana corporation and, at all relevant times, was headquartered in Harvey, Louisiana. TEST is a wholly-owned subsidiary of NATCO. TEST fabricates and sells control panels and packaged automation systems, as well as providing field services associated with repair, maintenance, inspection and testing of onshore and offshore control systems. TEST, at all relevant times, maintained a branch office in Kazakhstan ("TEST Kazakhstan"). TEST also became a subsidiary of Cameron.

FACTS

Background

5. In June 2005, TEST Kazakhstan won a contract to provide instrumentation and electrical services in Kazakhstan. To perform the services, TEST Kazakhstan hired both expatriates and local Kazakh workers. Kazakhstan law required TEST to obtain immigration documentation before an expatriate worker entered the country. Kazakhstan immigration authorities periodically audited immigration documentation of TEST Kazakhstan and other companies operating in Kazakhstan for compliance with local law.

Cash Payments to Kazakh Immigration Prosecutor

6. In February 2007 and September 2007, Kazakh immigration prosecutors conducted audits and claimed that TEST Kazakhstan's expatriate workers were working without proper immigration documentation. The prosecutors threatened to fine, jail or deport the workers if TEST Kazakhstan did not pay cash fines.

7. Believing the prosecutor's threats to be genuine, employees with TEST Kazakhstan sought guidance from TEST's senior management in Harvey, Louisiana, who authorized making the payments. TEST Kazakhstan employees used personal funds to pay the prosecutors \$25,000 in February and \$20,000 in September, and then obtained reimbursement from TEST.

8. For the February 2007 payment, TEST made a \$25,000 wire transfer to the affected employee. TEST inaccurately described the transfer as "an advance against his [the paying employee's] bonus payable in March." Moreover, the email noted the bonus would be "substantial," to further disguise the true reason for the transfer. In addition, TEST's letter to the bank providing the wire instructions inaccurately described the payment as a "Payroll Advance."

After the wire transfer was transmitted, TEST inaccurately recorded the payment in its books and records as a salary advance.

9. TEST made a \$20,000 wire transfer to reimburse the September 2007 payment. The wire transfer and journal entry in TEST's books described the purpose of the transfer as "visa fines."

Inaccurate Consultant Invoices for Visa Services

10. TEST Kazakhstan used consultants to assist it in obtaining immigration documentation for its expatriate employees. One of these consultants did not have a license to perform visa services, but maintained close ties to an employee working at the Kazakh Ministry of Labor, the entity issuing the visas. On two instances, the consultant requested cash from TEST Kazakhstan to help him obtain the visas. Because Kazakh law requires companies seeking to withdraw cash from commercial bank accounts to submit supporting invoices, the consultant provided TEST Kazakhstan bogus invoices for "cable" from third-party entities he controlled. TEST Kazakhstan knew these invoices were false, but nonetheless presented them to Kazakh banks to withdraw the requested cash. TEST Kazakhstan later submitted the false invoices – which totaled in excess of \$80,000 – to TEST for reimbursement. TEST reimbursed these requests despite knowing the invoices mischaracterized the true purpose of the services rendered.

FIRST CLAIM

**Violations of Exchange Action Section 13(b)(2)(A)
(Books and Records)**

11. Paragraphs 1- 10 are re-alleged and incorporated by reference.
12. Section 13(b)(2)(A) of the Exchange Act requires public companies to make and keep books, records, and accounts that accurately and fairly reflect the transactions and dispositions of their assets.

13. As described above, NATCO's books, records, and accounts did not properly reflect TEST's reimbursement of payments to the Kazakhstan immigration prosecutor or the immigration consultant. As a result, NATCO violated Exchange Act Section 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)].

SECOND CLAIM

**Violations of Exchange Act Section 13(b)(2)(B)
(Internal Controls)**

14. Paragraphs 1- 10 are re-alleged and incorporated by reference.

15. Section 13(b)(2)(B) of the Exchange Act requires public companies 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; and (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.

16. As described above, NATCO failed to devise or maintain sufficient internal controls to ensure that TEST complied with the books and records provisions of the FCPA and to ensure that the payments TEST made were accurately reflected on its books and records. As a result, NATCO violated Exchange Act Section 13(b)(2)(B). [15 U.S.C. § 78m(b)(2)(B)].

RELIEF REQUESTED

For these reasons, the Commission respectfully requests that the Court: (1) enter a Final Judgment ordering Defendant NATCO Group Inc. to pay a civil monetary penalty in the amount of \$65,000 pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; (2) retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion by the Commission for additional relief

within the jurisdiction of this Court; and (3) order such further relief as this Court may deem just and proper.

Dated: January 11, 2010

Respectfully submitted,

/s/Jennifer D. Brandt

Jennifer D. Brandt

Attorney in Charge

Texas Bar No. 00796242

S.D. Texas Bar No. 37943

Securities and Exchange Commission

Burnett Plaza, Suite 1900

801 Cherry Street, Unit #18

Fort Worth, Texas 76102-6882

(817) 978-6442

(817) 978-4927 (fax)

brandtj@sec.gov

ATTORNEY FOR PLAINTIFF