

## **World Bank Group Announces Settlement with Sinclair Knight Merz Management Pty Ltd, Sinclair Knight Merz Holdings Ltd and Sinclair Knight Merz Pty**

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The World Bank today announced the sanctioning of Sinclair Knight Merz Pty (SKM), following the company's self-reporting to the World Bank's Integrity Vice Presidency (INT) of corrupt misconduct relating to Bank-financed projects in the East Asia and Pacific region. The World Bank, SKM, and SKM's parent companies, Sinclair Knight Merz Management Pty Ltd and Sinclair Knight Merz Holdings Ltd entered into a Negotiated Resolution Agreement which imposes the sanction of conditional non-debarment on SKM and any firm it directly or indirectly controls, including Redecon Australia Pty Ltd. for a period of two and a half years. The conditional non-debarment means that- subject to the fulfillment of certain conditions, including the implementation of a more robust integrity compliance program and further cooperation with the World Bank - the sanctioned companies will remain eligible to bid for Bank-financed projects. In the event that SKM fails to fulfill any of its obligations, the company will be immediately debarred. These conditions include implementation of a corporate compliance program acceptable to the Bank and further cooperation with INT. The agreed upon sanction reflects the voluntary acknowledgment by SKM of corrupt misconduct and confirmation of corrective action, including a thorough internal investigation, and the dismissal of certain key individuals including senior managers connected with the illegitimate payments. The company also initiated an internal Appropriate Business Practices Policy, and took steps to improve its governance and compliance procedures. "The World Bank took into account SKM's cooperation and willingness to provide evidence in support of further INT investigations, said Leonard McCarthy, Vice President of Integrity at the World Bank Group. "The outcome of this case introduces a new standard of compliance by a company that opted for self-policing in response to the discovery of misconduct in its own ranks. By promptly self-reporting, committing to corporate transparency and their enforcement of disciplinary action against those responsible, SKM has practically demonstrated how to confront wrongdoing and commit to doing business with integrity. A combination of self-reporting, corrective action against corruption, and engaging with the World Bank's Integrity Vice Presidency with full transparency placed SKM in a strong and credible position with regard to the resolution of this matter. As a result of the exceptional cooperation received from the company, which has enabled INT to take steps to safeguard World Bank funds and identify other potential targets for investigation, a conditional non-debarment for two and a half years is being imposed on SKM, under strict conditions. About the World Bank Integrity Vice Presidency  
The World Bank Integrity Vice Presidency (INT) is responsible for preventing, deterring and investigating allegations of fraud, collusion and corruption in World Bank projects, capitalizing on the experience of a multilingual and highly specialized team of investigators and forensic accountants. Key results of INT's work in FY12-13 include: 130 entities sanctioned in FY12 and 13 including settlements where companies are debarred as a default sanction in addition to committing to cooperation with the Integrity Vice Presidency. These include the Canadian company SNC Lavalin (and more than 100 of its affiliates) and the Indian company Larsen and Toubro Limited among others. 417 jointly recognized debarments among MDBs that signed the Cross Debarment agreement on April 9, 2010. Building precautions against fraud and corruption into high-risk projects. Following Alstom's acknowledgment of misconduct in relation to a Bank-financed hydropower project in Zambia, the World Bank debarred Alstom Hydro France and Alstom Network Schweiz AG (Switzerland) - in addition to their affiliates - for a period of three years as part of a Negotiated Resolution Agreement between Alstom and the World Bank, which includes a restitution payment by the two companies totaling approximately \$9.5 million. The second meeting of the International Corruption Hunters Alliance brought together 175 senior enforcement and anticorruption officials from 6 regions, to inject momentum into global anti-corruption efforts. Cooperation agreements in support of parallel investigations, asset recovery and information sharing with the UK Serious Fraud Office, the European Anti-Fraud Office, Interpol, the Korean Supreme Prosecutors Office, the Ethiopian Ethics and Anti-Corruption Commission, the Philippine Ombudsman, the Liberian Anti-Corruption Commission and several other national and international authorities. Enhanced preventive training and forensic audits designed to identify and address red flags and integrity controls in World Bank-financed projects. The World Bank introduced its new App to report fraud and corruption allegations relating to its projects. The new App also complements other tools and information resources to support the detection of fraud and corruption red flags. The World Bank Integrity App is available for the IOS platform through the iTunes store. The World Bank  
1818 H Street, NW  
DC 20433 Washington  
USA  
Telefon: (202) 473-1000  
Telefax: (202) 477-6391  
Mail: investigations\_hotline@worldbank.org  
URL: <http://www.worldbank.org/>  


### **Pressekontakt**

The World Bank

DC 20433 Washington

[worldbank.org/](http://worldbank.org/)  
[investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)

### **Firmenkontakt**

The World Bank

DC 20433 Washington

[worldbank.org/](http://worldbank.org/)  
[investigations\\_hotline@worldbank.org](mailto:investigations_hotline@worldbank.org)

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