MORRISTOWN, N.J. — Louis Berger announced it has accepted sanction terms by the World Bank for a violation of standards of conduct related to international business activities conducted by former managers prior to late 2010, which the company identified and self-reported as part of its expansive post-2010 reform efforts. All of the managers associated with these improper business activities were quickly separated from the company following the early findings of its investigations.

“The acceptance of the World Bank sanction is an important milestone in our reform efforts as we are one step closer to finally closing the chapter on the pre-2010 era of the company’s history,” said Nicholas J. Masucci, Louis Berger president and CEO. Under the resolution, Louis Berger Group, the U.S.-based operating company within Louis Berger, has been barred from working on World Bank-funded projects for 12 months, subject to compliance with certain conditions. In addition, the Louis Berger parent has accepted terms of a conditional non-debarment for the same period. The sanctions are based on findings of misconduct under the World Bank standards by former employees on two 2007/08 World Bank-funded contracts in Vietnam that Louis Berger self-identified and self-reported to the U.S. government and World Bank.

Following the company’s late 2010 settlement with the U.S. Department of Justice for improper billing on U.S. government overhead accounts, Louis Berger began a massive $25+ million reform effort aimed at implementing new internal controls, developing new policies and procedures, and making comprehensive systems investments, including a new global accounting system. Louis Berger also conducted a thorough review of past practices of former managers, including improper overseas business activities in 2010 and prior years.

In addition to separating the former managers associated with the pre-2010 era activities from the company, the firm has added new managers to key positions including chief financial officer and controller, and regional management teams throughout Asia and the Middle East. The company also implemented a new corporate operational model to ensure greater centralized oversight and control of overseas business activities. Moreover, the company has reformed its ownership structure by implementing an Employee Stock Ownership Program.
Further, the company established an independent compliance and ethics department under the oversight of an independent audit committee, introduced a global helpline through which employees can report potentially non-compliant activities, and implemented a global code of business conduct. New investments also have funded annual worldwide compliance, ethics and anti-corruption training for all employees.

“While we believe it would have been more appropriate if the World Bank had sanctioned Louis Berger International or one of its subsidiaries that now owns the Asia operations where these activities occurred, today’s development is an important milestone in our five-year reform program,” said Masucci. “The World Bank has recognized the extensive global reforms undertaken since 2010, as reflected in the 12-month period for Louis Berger Group, which falls below the cross-debarment threshold.”

In practical terms, this agreement has minimal business impact as Louis Berger began a corporate-wide voluntary recusal from World Bank work in 2011 following its original discovery and reporting to U.S. and World Bank authorities. Louis Berger will continue to cooperate with the World Bank according to the terms of the sanctions and will continue discussions with the U.S. Department of Justice to seek resolution on these matters.

About Louis Berger
Louis Berger is a $1 billion global professional services corporation that helps infrastructure and development clients solve their most complex challenges. We are a trusted partner to national, state and local government agencies; multilateral institutions; and commercial industry clients worldwide. By focusing on client needs to deliver quality, safe, financially-successful projects with integrity, we are committed to deliver on our promise to provide Solutions for a better world.

Louis Berger operates on every habitable continent. We have a long-standing presence in more than 50 nations, represented by the multidisciplinary expertise of nearly 6,000 engineers, economists, scientists, managers and planners.

Fact Sheet
Louis Berger’s $25M+ global restructuring and reform investments since 2010