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The purpose of the investigation underlying this Report is to allow the WBG to determine if its own rules have been violated. This Report is being shared to ensure that its recipients are aware of the results of the INT investigation. However, in view of the specific and limited purpose of the investigation underlying this Report, this Report should not be used as the sole basis for initiating any administrative, criminal, or civil proceedings. Moreover, this Report should not be cited or referred to in the course of any investigation, in any investigation reports, or in any administrative, civil, or criminal proceedings.

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Executive Summary

This report summarizes the findings of an administrative inquiry (the investigation) by the World Bank Group’s Integrity Vice Presidency (INT) into allegations of irregularities in a joint venture bid submitted by Company A for a contract under the Bank-financed Armenian Second Judicial Reform Project (the Project).

The investigation involved Company A and a Company A representative. INT investigated allegations that Company A, under the supervision of such representative, submitted a bank reference letter containing false information in the bid for a contract under the Project.

INT’s interviews with relevant parties and review of correspondence between Company A’s joint venture partner, Company B, and the Issuing Bank indicate that Company B was not aware that the bank reference letter was false.
**Background**

The Judicial Reform Project (the Project) was designed to provide Armenia’s judiciary with the administration, facilities, and expanded capacity necessary to improve the efficiency, reliability and transparency of judicial operations and services. The Project was financed by a US$20 million credit from the International Development Association (IDA).¹

The Project Implementation Unit (PIU) administered the procurement for a Bank-financed contract (the Contract) under the Project and received only one bid from a joint venture (JV) between Company A and B. The JV submitted its bid signed by a Company A representative and a Company B representative. The JV agreement between the companies provided that both members of the JV gave Company A full authorization and power to act in the name of the JV, including the signing and submission of all bidding documents.

To comply with the post-qualification requirements of the bidding documents, the JV’s bid included a “Reference Letter of the Company Good Financial Standing” from a branch of an international bank (the Issuing Bank). The letter, which was purportedly issued by a representative of the Issuing Bank, certified that Company A holds an active account, is in good financing standing, and has no financial obligations with the Issuing Bank.

**Allegations**

In August 2010, the WBG’s Integrity Vice Presidency (INT) received allegations of irregularities in the JV’s bid submitted for the Contract.

**Methodology**

During its investigation, INT conducted interviews, reviewed relevant procurement documentation and conducted due diligence on the JV.

**Findings**

Evidence indicates that Company A submitted a bank reference letter of good financial standing that contained false information in the JV’s bid for the Contract under the Project.

INT obtained evidence indicating that the Issuing Bank did not prepare, sign, or issue the bank reference letter; that the letter was not authentic; that the signature did not belong to any Issuing Bank employees; that the letter’s content departed from the Issuing Bank’s standard format; and that the logo on the letter was not the Issuing Bank’s standard logo.

INT’s interviews with relevant parties and review of correspondence between Company B and

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¹ IDA is one of the five institutions comprising the World Bank Group. The International Bank for Reconstruction and Development (IBRD) and IDA constitute the World Bank. Therefore, IDA and the World Bank are used interchangeably throughout this Report.
the Issuing Bank indicate that Company B was not aware that the bank reference letter was false.

**World Bank Follow Up Action**

The World Bank sanctioned Company A for engaging in a fraudulent practice with respect to its submission of the bank reference letter. Company A, or any affiliate it directly or indirectly contracts, is ineligible to participate in any Bank-financed activities for a period of two years with an option for release if it takes remedial measures and implements an effective integrity compliance program in a manner satisfactory to the Bank.