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202.408.0034 • www.whistleblower.org

April 9th, 2010

Anne-Marie Leroy
Senior Vice President and General Counsel
The World Bank
1818 H St. NW
Washington, DC 20433

Dear Ms. Leroy:

I am writing on behalf of the Government Accountability Project (GAP) about the conduct of the Independent Panel Review of the World Bank Group Department of Institutional Integrity (INT) and about INT management. GAP is a non-profit law firm and non-governmental organization that defends whistleblowers, including World Bank staff members and consultants, who disclose fraud, corruption and abuse of authority in the workplace and suffer reprisal as a result. Many of our clients have brought disclosures to INT. Some have been investigated in a retaliatory manner themselves by the department.

As you know, former World Bank President Paul Wolfowitz convened the Independent Panel chaired by Paul Volcker in February, 2007 to review the management and investigative practices at INT. After the Volcker Panel delivered its recommendations, however, a special Grievance Panel had to be convened in INT by President Zoellick to hear complaints by staff members about the way in which Suzanne Folsom, the former INT Director, manipulated and interfered with the Panel's inquiry.

In August, 2008, Leonard McCarthy, the Vice President for Institutional Integrity, refused to award the complainants the financial compensation granted by the Grievance Panel, and these grievances were submitted to the Administrative Tribunal. The resulting Tribunal rulings, published in December, 2009, publicly reveal Ms. Folsom's misconduct and throw into question the putative independence of the panel. The rulings show that INT staff who spoke confidentially but critically to the Volcker panel were identified by a panel member to the INT Director, who then retaliated. Moreover, Ms. Folsom fabricated administrative practices in order to "showcase" them for the Volcker Panel.

For nearly two years, then, Mr. McCarthy has known that the Volcker Panel was improperly influenced by his predecessor, but has not taken steps to address the tainted character of the recommendations. On the contrary, in September, 2008, Mr. McCarthy told the press, "My immediate priorities are to get our performance up, make the Volcker recommendations work optimally, and operate in constructive sync with other parts of the Bank."

The Tribunal rulings highlight specific elements of the testimony of Wayne Nardolillo, the Lead Internal Investigator under Ms. Folsom who now reports to Mr. McCarthy.

[The Applicant] makes reference to *sub rosa* conversations [Ms. X] regularly had with a member of the Volcker Panel during which she would receive information on the INT staff who registered concerns about INT management with the Panel. [Ms. X] indeed told me that she engaged in these meetings and even informed me of the name of the specific panel member. ... [Ms. X] indeed told me and [the Applicant's supervisor] that [the Applicant] was among the staff who spoke ill of [Ms. X] and that she would punish him, that he would never get promoted.

Ms. X, the Tribunal rulings show, was Ms. Folsom.

One might conclude from the excerpts selected by the Tribunal for disclosure in the rulings that the judges assumed that INT and Bank management would act. If so, they were wrong. Although the Tribunal rulings have been public for four months, Bank management has not taken steps to identify Ms. Folsom's informant on the panel, determine the extent to which documentation supplied to the panel was altered in order to produce a positive impression, and assess the extent to which the panel's recommendations were influenced by the intimidation of witnesses and the submission of misleading information.

As a law firm that protects whistleblowers, we believe that breaches of confidentiality, systematic retaliation and the repeated and deliberate misrepresentation of the panel's independence in its assessment of the Bank's anti-corruption unit since 2008 are serious. John Githongo, the one whistleblower on the Volcker Panel, has written to GAP to say that the Tribunal rulings "Affect the entire panel and bank."

In short, we are respectfully requesting that you, as General Counsel, take action on this matter. Bank management claims that the issue of corruption and fraud in Bank operations has been addressed in part by the implementation of the Volcker Panel's recommendations. Now, however, we discover that the Volcker Panel was improperly and extensively influenced by the subject of its review. Witnesses suffered serious and explicit retaliation, a practice that surely produced a chilling effect among those who might otherwise have spoken candidly in the hope that shortcomings in anti-corruption work at the Bank would be addressed.

I am attaching a copy of the bar complaint against Ms. Folsom that GAP filed with the DC Office of Bar Counsel on April 6th, 2010. On behalf of GAP and a number of whistleblowers at the World Bank, I look forward to your response.

Very truly yours,



Beatrice Edwards

Cc: Ian Solomon, United States Executive Director

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Complaint regarding Attorney Suzanne Rich Folsom

OFFICE OF BAR COUNSEL

Date: 03.25.10

APR - 6 2010

To: Office of Bar Counsel
515 5th Street, NW
Building A, Room 117
Washington D.C. 20001

RECEIVED

Re: Ethics violations by Suzanne Folsom

The Government Accountability Project, a non-profit organization in Washington DC, hereby lodges an official complaint against Ms. Suzanne Folsom who is barred in the District of Columbia and is therefore subject to the District of Columbia Office of Bar Counsel.

Nature of Complaint:

Ms. Suzanne Folsom engaged in unethical behavior as detailed below:

The cause of action for this complaint arises from Ms. Folsom's ethics violations while she was employed as the Director, Department of Institutional Integrity (INT), the unit responsible for investigating fraud and corruption in the World Bank's activities.

Because of concerns about the management of INT under Ms. Folsom, then World Bank President Paul Wolfowitz convened an independent external panel of administrative law experts chaired by Paul Volcker. The Panel was to review the management practices and procedures at INT under Ms. Folsom and recommend measures that might be adopted as improvements.

On December 9th, 2009, the World Bank's Administrative Tribunal (AT), the Bank's internal court, delivered a stunning set of decisions in a series of cases brought against the former Director of INT. Of the 19 cases decided by the AT in the December '09 session and publicly disclosed, 17 were appeals concerning the conduct of the INT Director during her tenure. Sixteen appellants alleged that between October, 2005 and January, 2008, they suffered: *a hostile work environment, unfair treatment, abuse of discretion, and violations of due process at the hands of INT management* (AT Decisions 408 - 423, para. 3). Four of the appellants alleged that Ms. Folsom penalized them for speaking candidly with the Volcker Panel about her actions as INT Director. The Lead Internal Investigator at INT revealed that Ms. Folsom improperly influenced the Volcker Panel by obliging a panel member to reveal confidential information and by supplying the Panel with misleading information and documentation.

In addition, the former General Counsel of the International Finance Corporation (IFC) successfully argued before the AT that at Folsom's direction INT pursued a frivolous and

malicious investigation of her that violated due process standards and fairness and destroyed both her career at the Bank and her professional reputation (AT decision 426).

All 17 cases resulted in rulings that validated the appeals and sanctioned the Director of INT. The resulting damages assessed equaled about \$2.5 million, to be paid to the appellants by the Bank. The administrative tribunal rulings are available at ([http://lnweb90.worldbank.org/crm/wbt/wbtwebsite.nsf/\(resultsweb\)/4FF9E8B7629F6F96852574B2006B8EFE](http://lnweb90.worldbank.org/crm/wbt/wbtwebsite.nsf/(resultsweb)/4FF9E8B7629F6F96852574B2006B8EFE)) and copies of the same are attached with this complaint.

The following decision numbers are relevant to the charges currently set forth against Ms. Folsom-

Decision no. 408- Paragraphs 42, 46, 47 and 48

Decision no. 411-Paragraphs 39, 44, 45 and 46

Decision no. 412-Paragraphs 39, 45, 46, 47 and 48

Decision no. 416-Paragraphs 42, 48, 49, 50

Decision no. 417-Paragraphs 46, 47, 48, 49 and 50

Decision no. 419- Paragraphs 42, 44, 45 and 46

Decision no. 420- Paragraphs 45, 47, 48, 51 and 52

Decision no. 422- Paragraphs 42, 43, 44, 46, 47 and 48

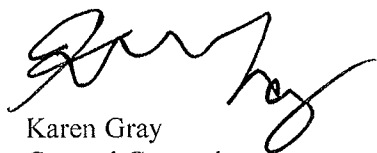
Decision no. 426 – Paragraphs 21, 58, 61, 69, 76, 79, 80, 83, 84, 91, 96, 100, 101, 103, 111, 119, 121, 123, 124, 125, 127.

The Administrative Tribunal's rulings in the aforementioned decisions (Nos. 408, 411, 412, 416, 417, 419, 420, 422) establish that Ms. Folsom engaged in unprofessional conduct with her staff and retaliated against them. The Administrative Tribunal's ruling in Decision No. 426 establishes that Ms. Folsom pursued a protracted and improper investigation against the General Counsel of the IFC.


The Model Rules of Professional Conduct together with the District of Columbia Rules of Professional Conduct make Ms. Folsom's actions a violation of Rule 1.13 (Organization as a Client) and Rule 8.4 (Misconduct).

Date of violation: October 2005 to January 2008

We are hopeful that the Office of Bar Counsel will find this issue worthy of investigation, and we look forward to hearing from you as to the disposition of this matter.



Karen Gray
General Counsel



Beatrice Edwards
International Program Director