

## Keystone XL: State Department admits not checking on consultant's ties to TransCanada

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## [Friends of the Earth](#)

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### Friends of the Earth: Spokeswoman's claim is 'absurdly disingenuous'

**WASHINGTON, D.C.** – In an extraordinary admission, the State Department has acknowledged it did not try to examine whether a consultant hired to review the environmental impact of the Keystone XL pipeline had business ties to the pipeline builder TransCanada before hiring them.

Last week Friends of the Earth revealed that Environmental Resource Management, the London-based consulting firm hired to do the environmental impact study of the pipeline, lied on its conflict of interest disclosure form when it said it had no ties to TransCanada or other oil companies with a stake in the Canadian tar sands.

On its [conflict of interest disclosure form](#) ERM answered "no" to the question of whether it had "any direct or indirect relationship with any business entity that could be effected in any way by the proposed work" in the period between 2009-2012. But publicly available records show that during that period the firm worked for TransCanada as well as over a dozen oil companies which stand to benefit if the project is granted a permit by President Obama.

This week, in a written statement sent to [Postmedia News](#) and widely quoted in the Canadian press, State Department spokeswoman Jen Psaki said: "Our rigorous conflict of interest procedures

ensure that no contractors or subcontractors have financial or other interests in the outcome of a project. *The contractor certifies* that it has not had, and does not have, *any direct contracts* with the applicant." (emphasis added.)

Ross Hammond, senior campaigner with Friends of the Earth, said Psaki's statement is remarkable both for what it says and doesn't say.

- First, the statement confirms that State takes on faith a contractor's "certification" that it has no conflict of interest. Despite a guidance from the department's inspector general, the State Department did not bother to verify whether that claim was true. As [Businessweek](#) wrote, "The State Department was supposed to have independently verified any claims made by contractors. How hard would it have been for a State Department official to look on ERM's website?"
- Second, by claiming that ERM does not have any "direct" contract with TransCanada, the State Department is being absurdly disingenuous. ERM has been working on the Alaska Pipeline Project, a joint venture between TransCanada and ExxonMobil. While its direct contract may be with ExxonMobil, it stretches credulity to say that means they have no business with TransCanada, especially given that the company specifically said on its disclosure form that it had "*no existing contract or working relationship with TransCanada*" (emphasis added).
- Finally, the wording of the conflict of interest disclosure form ERM signed is very clear that it does not just pertain to the project applicant (i.e. TransCanada) but "any business entity that could be affected in any way by the proposed work," which would clearly cover the many oil companies that ERM's own website says it's been working for.

"It's time for the State Department to come clean about ERM's failure to be truthful on its conflict of interest disclosure forms and its own failure to verify the contractor's claims," said Hammond. "It's not too late to restart the review process so that an objective report can be produced rather than one written by a contractor with no regard for the truth or science. With so much riding on this report, it's inconceivable that Secretary of State John Kerry would allow these sort of shenanigans to occur under his watch."

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