

Fairfax 'sorry' to Wal King over bribery claims



Wal King has settled a potential multi-million-dollar action against Fairfax Media.

DAMON KITNEY THE AUSTRALIAN 12:00AM February 1, 2017

Fairfax Media has unreservedly apologised to Wal King after settling a potential multi-million-dollar defamation action launched by the former long-serving chief executive of Leighton Holdings over a series of articles alleging his involvement in bribery and corruption activities in Iraq while he was CEO.

Reports in *The Age*, *The Sydney Morning Herald* and *The Australian Financial Review* in late 2013 implicated the former Leighton boss through a note allegedly written by then Leighton Holdings acting chief executive David Stewart in November 2010.

It alleged Leighton International chief executive David Savage had told him Mr King had approved \$42 million in kickbacks to Monaco-based Unaoil on a project in Iraq.

Mr King launched defamation proceedings against Fairfax and denied any knowledge of corrupt practices and said the publisher had not produced any evidence that would stand up in court.

Fairfax has now agreed to publish an apology to Mr King, noting the publisher accepts the allegations are "false".

It will also pay an undisclosed sum to settle his claims for damages and costs.

"I always knew that the facts would justify my claims that the allegations against me were false. It is unfortunate and regrettable that this whole process has taken so long," Mr King told *The Australian* yesterday.

"I can now concentrate on my business interests without the distraction of what was a baseless and highly defamatory attack on my reputation."

The Fairfax defence to Mr King's claim did not directly mention the Stewart memo nor seek to justify the key claim in the articles, that Mr King engaged in corrupt behaviour in allegedly approving the Unaoil contract. It argued the defence of contextual truth in relation to a series of imputations from the articles about Mr King's alleged incompetence. The defence can apply this when a plaintiff complains about multiple defamatory imputations arising from the same published material.

Fairfax said Mr King's leadership "had a tendency to encourage corruption and abysmal corporate probity, governance and ethics within the Leighton Group".

Atanaskovic Hartnell partner Michael Sophocles, who led Mr King's legal team, said the law firm always believed the former Leighton boss would be vindicated.

"We were always confident that the jury would find for Mr King when the case came to be heard later this year, but it is pleasing that Mr King and Fairfax have reached agreement earlier, and as things turned out, with a retraction and apology by Fairfax along the lines initially proposed by Mr King way back in October 2013," he said.

It is understood the Australian Securities & Investments Commission has no active investigation under way into Mr King. The Australian Federal Police seized computer hard drives belonging to Mr King and interviewed him but is yet to take any action.

The move came as ASIC yesterday charged former Leighton Holdings executive Russell Waugh in a matter related to the falsification of company documents, after last month laying criminal charges against former Leighton chief financial officer Peter Gregg.

Mr Gregg, who has denied breaching any civil or criminal law, resigned as Primary Health Care's chief executive in the wake of the charges. ASIC has been investigating a \$15m payment from Leighton to UAE firm Asian Global Projects and Trading in August 2011, which was signed off by Mr Gregg.

Mr Sophocles yesterday said the firm was aware of the ASIC matter concerning Mr Gregg.

"Mr King only knows what has been reported about those matters, which are alleged to have occurred in the year after his departure from Leighton and which do not involve Mr King in any way. Obviously Mr King was not responsible for any such alleged events," he said.

He described assertions that Mr King left behind a poor management culture at Leighton as "well wide of the mark".

"If Mr King's case against Fairfax had gone to trial, the witnesses he had lined up and available to give evidence regarding the management culture at Leighton during the King years were of an impressive calibre, and their evidence would have been that the Leighton anti-corruption procedures were of a very advanced standard, especially for their time," Mr Sophocles said.

"And even the allegations against Mr Gregg appear to have arisen from discoveries by the Leighton internal audit structure, which was developed over Mr King's years as Leighton CEO."