

SNC-Lavalin seeks to fend off reputational ruin as fraud investigation widens

Nicolas Van Praet | Nov 29, 2012 7:44 PM ET

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Former SNC-Lavalin CEO Pierre Duhaime stands accused of fraud, conspiracy to commit fraud, and using forged documents related to the engineering firm's contract to build and maintain the McGill University Health Centre's new \$1.3-billion superhospital. Canadian Press/Graham Hughes

MONTREAL — On May 15, 2009, Pierre Duhaime took the microphone at SNC-Lavalin Inc.'s management committee meeting at Montreal's convention centre.

He had been named chief executive officer only the week before and this was his first chance to lay out his strategic vision to the engineering giant's executives as a whole, according to a recount of the event in a book commemorating the company's 100 years in business. Mr. Duhaime's first message was that there would be no drastic changes at the company.

"We are strong and well-positioned, with an excellent balance sheet," he told his colleagues. "We have a diverse array of activities in key regions throughout the world. We're not going to overhaul something that is clearly in good working order."

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Three years later, one of Canada's premier blue chip companies is trying to fend off reputational ruin.

Mr. Duhaime stands accused of fraud, conspiracy to commit fraud, and using forged documents related to the engineering firm's contract to build and maintain the McGill University Health Centre's new \$1.3-billion superhospital. Another executive, vice-president Riadh Ben Aissa, faces the same charges. And the ethics scandal now battering the \$6-billion company has shifted from overseas to operations here at home.



Former MUHC CEO Dr. Arthur Porter (left) talks with Riadh Benaissa, executive v.p. SNC Lavalin, as construction started at the McGill University Health Centre super hospital at the Glen Campus in Montreal Thursday, June 17, 2010. John Kenney/Postmedia News/Files

"This is not contained. It's not isolated," said **Anthony Scilipoti**, vice-president at Toronto's **Veritas Investment Research**, which completed an analysis of SNC's own internal investigation into \$56-million worth of improperly documented agent payments this year. "[I've never seen] anything of this magnitude."

SNC-Lavalin itself has not been charged with any wrongdoing. It has attempted to ring-fence the actions of Mr. Duhaime and Mr. Ben Aissa, who have both been dismissed, as isolated incidents by executives who no longer work for the company. Robert Card, a U.S. engineering industry veteran, took over as CEO in September. SNC's board is dealing with the fallout of police investigations while Mr. Card steers the business.