

RCMP moving to freeze assets in widening SNC-Lavalin probe

Fraud, bribery and money laundering cited in unsealed RCMP affidavit

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The RCMP asked a court in Montreal to freeze several bank accounts and a family trust belonging to former SNC executive vice-president of construction Sami Bebawi, as well as properties bought by his children, according to a 114-page affidavit sworn by Cpl. Alexandre Beaulieu. (Ryan Remiorz/Canadian Press)

The RCMP is moving to freeze millions of dollars in bank accounts and real estate holdings in Montreal and Florida as part of its expanding probe into Canadian engineering firm SNC-Lavalin.

The force's foreign anti-corruption unit is accusing two former SNC-Lavalin executive vice presidents — Sami Bebawi and Riadh Ben Aïssa — of fraud, bribery and the alleged laundering of \$120 million, according to newly unsealed court documents.

While singling out the construction executives, the RCMP is also accusing SNC-Lavalin Group Inc. itself of being a party to the crimes of fraud and bribery of foreign officials dating back to between 2001 and 2011.

What's new in the 114-page affidavit, sworn by Cpl. Alexandre Beaulieu on April 19, is the emphasis on Bebawi, 66, who was in charge of the construction division from 2001-06. Until now, SNC-Lavalin has played down the corruption probe into its construction division, singling out Bebawi's successor, Ben Aïssa, 54 — who is in jail in Switzerland, accused of corruption and funnelling money to members of Libya's Gadhafi family — as being a "rogue" employee.

\$23M in 'proceeds of crime' alleged for properties

The RCMP asked a court in Montreal to freeze four bank accounts and a family trust belonging to Bebawi, and has also sought a freeze on a bank account in Cairo. The force claims he moved \$23 million of his "proceeds of crime" from accounts in Switzerland to Canada, and used them to buy properties and fund a \$13-million condo development in Montreal called Project Irene, at the corner of Irene and Saint-Jacques streets, which is operated by his son and son-in-law.

Six properties in Montreal owned by Bebawi and his children have been frozen, and the Mounties are asking international authorities to place a restraining order on a million-dollar condo in Clearwater, Fla.



Former SNC executive vice-president of construction Sami Bebawi is among two accused by the RCMP of fraud, bribery and the alleged laundering of \$120 million. (SNC Lavalin 2003 annual report/CBC)

The RCMP alleges Bebawi and Aïssa siphoned off as much as \$120 million from SNC-Lavalin through a complex system of fraudulent payments to two "shelf companies" hired for purported "representation agreements."

Some of the money wound up in the hands of Saadi Gadhafi, the son of Libya's former dictator, Moammar Gadhafi.

None of these allegations has led to Canadian charges, nor have they been proven or tested in court, but they point to a broadening RCMP investigation involving more people and a longer span of time.

Bebawi's Toronto lawyer, Scott Hutchison, cautions that the claims laid out in the affidavit remain "untested allegations made in the context of an unfinished and complex investigation. It is not easy for someone in Mr. Bebawi's position to be in the spotlight, under suspicion and without a legal forum in which to respond.

"Everyone who is judging Mr. Bebawi and others," added Hutchison, who said his client is somewhere in the Middle East, "should remember that they are real people with families, and that their reputations and lives are affected by this kind of attention."

Bebawi came under scrutiny soon after the Swiss detained Aïssa in April 2011. Swiss authorities formally asked for the RCMP's help, and that led to a raid on SNC-Lavalin offices and spawned Project Assistance, the RCMP's own investigation. Through interviews with several SNC-Lavalin executives, an investigation of SNC-Lavalin emails and a forensic audit of bank accounts controlled by SNC, Aïssa and Bebawi, the following story unfolded.

RCMP alleges fraud, bribery against SNC-Lavalin itself

The RCMP's affidavit spells out a sprawling theory of what went on inside Montreal-based SNC-Lavalin starting in 2001. Investigators examined 11 "representation agreements" — signed off by at least four other SNC-Lavalin executives—in which the RCMP alleges fraud and bribery.



RCMP Cpl. Alexandre Beaulieu alleges Sami Bebawi in 2011 supplied \$13 million to his son and son-in-law to fund a 67-unit condo development in Montreal called Project Irene, at the corner of Irene and Saint-Jacques streets. (CBC)

The shareholders were the victims, alleges Beaulieu.

"Riadh Ben Aïssa's close relationship with Saadi Gadhafi was a major asset to SNC-Lavalin who was well aware of it and fostered the relationship," the RCMP corporal wrote in his affidavit, adding that SNC paid for some of Gadhafi's expenses when he travelled throughout Canada.

"SNC-Lavalin Group Inc. was a party to the above-mentioned frauds," he adds, "because these frauds were committed by at least one of its senior officers with the intent at least in part to benefit SNC-Lavalin Group Inc."

SNC-Lavalin spokeswoman Leslie Quinton said Wednesday in a statement that the company undertook an internal investigation last year and shared it with authorities in March 2012 "in the hope that it would assist them to get to the bottom of what had occurred. Some of this information appears to have been included in the affidavit."

Thursday Quinton issued a further statement that "while former employees have been charged in relation to actions taken without the knowledge of the Company, no charges have been laid against the Company. {SNC} intends to pursue anyone who has misused or misappropriated company funds in order to recover those funds for the Company and for shareholders."

Analyst **Anthony Scilipoti**, a vice-president of **Veritas Investment Research**, has studied SNC-Lavalin for some time and has been highly critical of the company. He reviewed the unsealed RCMP affidavit, and says the latest accusations show "the issues were pervasive. This was not an isolated incident. This goes beyond one or two individuals.

"This is something that's part of the way the company does business."

Scilipoti feels that because of the way the company benefited from the billions of dollars of contracts won by Bebawi and Aïssa, "the investigation needs to continue and go deeper. We need to bring, as the company even admits, some — whoever the people are — to justice."