



## Best Practice: Creating an Anti-Corruption Unit from the Ground Up

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**PROVINCE: QUÉBEC**

**POLICY AREAS: PUBLIC INTEGRITY**

### BEST PRACTICE

The province of Québec created its first integrated Permanent Anti-Corruption Unit (UPAC) in 2011 to investigate and stop corruption. Developing this agency required political will, sufficient resources, and a clear mandate. The unit was created to examine a variety of crimes including bribery and illicit dealings while also advocating for corruption prevention and education strategies in Canada's second largest province.

### ISSUE

In 2009, The National Police of Québec launched "Opération Marteau," or Operation Hammer, a far-reaching investigation into crime in the construction industry. For this operation, the police created a temporary unit to probe fraud in government with links to organized crime and uncover systemic problems with government contracts. Investigators uncovered that certain private construction firms were backed by organized crime syndicates and there was evidence of trading gifts for access. This led to several arrests.

As a result of Opération Marteau's success, the Gouvernement of Québec created UPAC to permanently investigate corruption in the province and prevent the signing of new contracts with building contractors either linked to organized crime or guilty of other violations. While UPAC's mandate is not limited to investigating illegal links with the building industry, in its relatively brief existence, the construction sector has been the primary focus.

### GOALS AND OBJECTIVES

UPAC is tasked with fighting corruption using a three-pronged approach of 'Prevent,' 'Audit,' and 'Investigate.'

**Prevent:** The Directorate of Prevention and Information is charged with promoting the work of UPAC to the general public while also educating and training public sector employees on how to avoid entangling themselves in corruption schemes.

**Audit:** The Associate Commission for Audits is to refer any public sector workers to the investigators if it determines, during its regular financial inspections, that there is evidence of fraud. Auditors have worked closely with the Construction Commission and the Building Board to identify cases of potential money laundering and illicit networking within the construction industry.

**Investigate:** Different departments of UPAC undertake specific probes at the behest of the UPAC commissioner with the goal of building cases that will result in monetary restitution and punishment for fraud. The agency Revenue Québec works to detect tax crimes and embezzlement and provides evidence of these crimes to be used by prosecutors in court. The Anti-Collusion Unit gathers intelligence to prevent conspiracy in awarding contracts between the government and private firms.

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### IMPLEMENTATION

Québec province modeled UPAC on other city agencies, including the New York City Department of Investigation, with a focus on integrating employees available in other municipal agencies into UPAC and providing increased resources for these agencies to collaborate on investigations into local corruption.

Following the success of Operation Hammer in 2009-2010, the provincial government combined several disparate units to form UPAC. With such a broad mandate, UPAC uses experts from many different sectors including: the Construction Commission of Québec; Agency Revenue Québec; Québec's Building Board; the Ministry of Municipal Affairs Regions and Land Occupancy; and the Anti-Collusion Unit. Additionally, UPAC is supported by a judicial team of prosecutors specifically assigned to cases focusing on corruption and embezzlement.

UPAC classifies its integrated approach in several steps:



UPAC Logo

- Identify common priorities for action
- Ensure team activities are consistent with and complement one another
- Quickly determine the best course of action in each case
- Share specialized resources
- Exchange information
- Develop a long-term strategy

### COST

The 2012 annual budget for UPAC is \$30 million, which includes salary, equipment, supplies and other overhead costs.

The budget pays for resources used in anti-corruption cases from departments connected to UPAC like Québec's Building Board or Revenue Québec.

### RESULTS AND EVALUATION

Since its creation, UPAC has met with more than 3000 people awarding public contracts in its effort to educate public sector employees, gather information of fraud from potential whistleblowers and train public sector employees on how to avoid entangling themselves in corruption schemes. Since its creation, UPAC has made 50 arrests and executed 347 warrants.

Highlights include:

- In April 2012, UPAC arrested 15 people after an 18 month investigation including a construction magnate and an elected public official.
- In May 2012, UPAC arrested nine people after a two and a half year investigation into a scheme that unfairly favored a company in obtaining a \$300 million contract.
- In June 2012, UPAC arrested 11 people involved in infrastructure projects with contracts worth \$20 million and alleged fraud of \$1 million.

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- Currently two of the 47 arrested have been convicted and were fined and sentenced to community service and placed on probation.

### TIMELINE

**October 2009:** The National Police of Québec launched a far-reaching investigation into crime in the construction industry dubbed "Opération Marteau" or Operation Hammer. During the next few months, several search warrants were carried out as police began probing backroom deals in the province.

**April 26, 2010:** Several local elected officials are arrested and charged with fraud, forgery, breach of trust by a public officer, and conspiracy. The charges stemmed from several falsified documents including expense accounts and employment contracts. Operation Hammer is credited with the investigation and subsequent arrests.

**Feb 18, 2011:** The Government of Québec announced the creation of an anti-corruption super squad (UPAC), to combine Operation Hammer's police investigators, Revenue Québec, the province's construction commission, a special anti-collusion unit, prosecutors and others.

**Sept. 14, 2011:** A report produced by UPAC's anti-collusion unit alleged widespread corruption and collusion in the province's construction industry. The unit met with more than 500 people to produce the report and made 45 recommendations on how to prevent corruption in the awarding of public contracts.



UPAC officers during a raid

**April 2012:** UPAC conducted a broad sweep involving various communities north of Montréal, executing search warrants at government offices and other locations, including the residences of several locally elected officials. A large construction magnate was also arrested and the office of a construction firm was raided as well.

### LEGISLATION

The Québec National Assembly passed several laws since the beginning of 2011 that have helped define and enumerate powers of UPAC, as well as strengthens its ability to investigate cases of fraud and corruption in the province.

The passage of the 2011 "Anti-Corruption Act" created the office of the Anti-Corruption Commissioner, the appointment of an Associate Commissioner for Audits, and designated power in those offices to conduct audits and investigations into potential corrupt practices on behalf of the government. The law established a procedure for reporting wrongdoing in the public sector and shields whistleblowers against potential reprisals. Finally, the law created a special auditing team, the Commission de la Construction du Québec, centered on audits solely in the scandal-plagued construction industry.

Also in 2011, the passage of an amendment to the "Building Act" substantially increased the fines from the previous incarnation of the law. It strengthened regulations and terms of financial guarantees in the construction industry while also making licensing procedures more strenuous and subject to greater oversight. This bill bars companies from receiving public sector contracts for five years following a conviction of fraud, price fixing, or another criminal offense.



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### LESSONS LEARNED

UPAC has augmented its structure and methods based on its initial investigations. Three areas where the Unit found it is important and necessary were to have dedicated prosecutors working only on UPAC investigations, to place UPAC employees with different occupational skills under one roof to interface and communicate more effectively, and to build a more robust public education system that publicizes how whistleblowers can remain safe and anonymous.

### TRANSFERABILITY

There are two critical components necessary to reproduce the successes of UPAC in other cities or administrative regions. The first is that a public integrity bureau must be permanent and enjoy a steady funding stream. The second is that newly created public integrity units need not be wholly original. The only department within UPAC that did not exist before its creation was its anti-collusion unit while the remainder was comprised of specialists that come from already established municipal departments like the Construction Commission or Revenue Québec. By making UPAC a centralized information-sharing unit rather than an entirely autonomous one, there was little time and resources expended training and building an independent bureau. Subsequently, UPAC was able to begin its investigations quickly after its creation and suspects were arrested much faster than otherwise possible.

### CONTACTS

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