

Owners of pyrrhotite-damaged Quebec demand money from SNC-Lavalin settlement

Hundreds of homes in Quebec's Mauricie region were damaged after being built between 1996–2008 with low-quality concrete that contained pyrrhotite, which expands when it comes into contact with water and air.

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This April 11, 2017 photo shows nuggets of the rust-colored mineral pyrrhotite, right, and a chunk of concrete containing the mineral that's been removed from a crumbling basement, left, in Willington, Conn.

Susan Haigh / THE ASSOCIATED PRESS file photo

By Giuseppe Valiante The Canadian Press

MONTREAL—Owners of pyrrhotite-damaged homes across Quebec’s Mauricie region are eyeing the \$280-million penalty engineering firm SNC-Lavalin was recently ordered to pay for its fraudulent business dealings in Libya.

Hundreds of homes around Trois-Rivieres, between Montreal and Quebec City, were damaged after they were built with low-quality concrete that contained the mineral, which expands when it comes into contact with water and air.

In 2014, the Quebec Superior Court ruled that SNC-Lavalin was 70 per cent responsible for the damage because one of the company’s geologists produced a report stating the concrete was fit for use. SNC-Lavalin is appealing that ruling.

Alain Gelinas, president of a group of owners whose homes have been damaged by pyrrhotite, said Monday the settlement money SNC-Lavalin was ordered to pay this month for committing fraud in Africa should go to his members.

“We are asking the federal government to set aside this money ... and to come sit down with us,” Gelinas said. “Let’s see how we can use this money to help victims who have been waiting for 10 years. This is money that, in the end, SNC-Lavalin owes us.”

Gelinas said 8,000 construction permits were given to build homes and businesses between 1996-2008 in the Mauricie region, and all of the properties are potentially damaged by pyrrhotite. More than 800 properties were listed in the 2014 ruling, and Gelinas says another 1,000 will be included in subsequent suits that are being planned.

“There is a crisis in the Mauricie,” Gelinas said. “We are appealing to SNC-Lavalin to be good corporate citizens. We’ve lived through suicides, divorces, bankruptcies.”

Gelinas said he personally knows of 10 owners of pyrrhotite-damaged properties who have killed themselves, while many others have gone broke or suffered through personal tragedies due to the stress of having a home with a damaged foundation.

He said the provincial government has offered up to \$75,000 in loans to individual owners of pyrrhotite-damaged properties, but legal experts have estimated the average damage to each property is just under \$200,000. In 2016, Prime Minister Justin Trudeau promised \$30 million over three years to owners of damaged homes.

But Gelinas said his members need more money to cover their costs, and that money should come from SNC-Lavalin.

The engineering company and two of its affiliates, SNC-Lavalin Construction and SNC-Lavalin International, were charged in 2015 with corruption of a foreign public official and fraud stemming from business dealings in Libya.

SNC-Lavalin Construction settled that case in December. The company pleaded guilty to a charge of fraud over \$5,000 and agreed to pay a \$280-million penalty and be subject to a three-year probation order. The remaining charges were stayed.

Gelinas said his group has a meeting scheduled next week with the office of Foreign Affairs Minister Francois-Philippe Champagne, whose riding is located in the Mauricie region. Representatives from Champagne’s office, the PMO and for SNC-Lavalin could not be reached for comment on Monday.

The 2014 ruling holds SNC-Lavalin responsible for 70 per cent of roughly \$200-million worth of damage to about 800 homes. The rest of the responsibility was split between the companies that made the concrete and the construction contractors who built the properties.

None of the other companies found responsible in 2014 have paid, Gelinas said, because they are waiting to hear what will happen with SNC-Lavalin's appeal. He said a ruling is expected in early 2020.

"Everyone is very much looking forward to getting the judgement," he said.