



## **Competition Bureau Lays Charges in Bid-Rigging on Federal IT Contracts**

On February 17, 2009, the federal Competition Bureau announced that it had laid criminal charges against 14 individuals and seven companies accused of rigging bids to obtain Government of Canada contracts for information technology (IT) services.

The Bureau found evidence that several IT services companies in the National Capital Region secretly co-ordinated their bids in an illegal scheme to defraud the government by winning and dividing contracts, while blocking out honest competitors.

The Bureau's investigation found evidence of criminal activity in 10 competitive bidding processes from 2005, for contracts worth approximately \$67 million. The contracts related to IT professional services provided to three federal agencies.

In 2005, Public Works and Government Services Canada (PWGSC) officials contacted the Competition Bureau to voice concerns about certain bidding processes, and the Bureau began its investigation.

In the process, the Bureau found evidence that bidders, in response to calls for bids for the supply of IT services to Canada Border Services Agency (CBSA), PWGSC, and Transport Canada secretly agreed in advance on the technical and financial proposals they would submit. As a result, the bidders were allegedly able to maximize the rates at which services were to be provided to the various departments.

The Bureau's investigation focused on 10 contracts. Eight of those, worth \$62 million, relate to IT services for CBSA. The other two contracts are for IT services for Transport Canada (worth \$4 million) and PWGSC (worth \$1 million). The bidding processes for the CBSA and PWGSC contracts were managed by PWGSC, while Transport Canada managed its own contracting process.

Bureau officers searched 10 locations, including head offices and homes, and seized more than 125,000 paper and electronic records. The Bureau also secured co-operation from applicants under its immunity and leniency programs. No allegations were made against those who performed the actual work for the client departments, nor were any government employees implicated.

Charged are TPG Technology Consulting Ltd., Spearhead Management Canada Ltd., Tipacimowin Technology Inc., Donna Cona Inc., Nortak Software Ltd., The Devon Group Ltd., and Brainhunter Inc. If convicted (bid-rigging is a criminal offence), the bidders could face jail time and significant fines.

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