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## PROV - Auditor reveals massive fraud at AADAC: Bureaucrat stole \$634,000, report says

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(Nov 24, 2006) -

November 24, 2006 - Alberta's auditor general released a damning report Thursday documenting repeated sloppiness and fraudulent activity in government, including the case of a senior bureaucrat with the anti-addictions unit stealing hundreds of thousands of dollars to fund his own gambling problem.

Fred Dunn unveiled the results of six audits that cast a dark shadow over the government and highlighted a lack of legislated financial disclosure rules on the Tory leadership race that impeded him from full accounting.

In a wide-ranging series of reports, Dunn noted that shoddy monitoring and contracting practices at the Alberta Alcohol and Drug Abuse Commission allowed a senior employee, Lloyd Carr, to divert \$634,250 through false contracts to himself and other parties.

"He exploited weak controls," Dunn told reporters Thursday.

Carr spent \$91,000 on a down payment for a new house, \$60,000 toward a vehicle loan and withdrew about \$156,000 in cash -- most of it from bank machines in casinos -- to feed a gambling addiction.

An additional \$134,000 appears to have been "intermingled" with family income to support a lavish lifestyle between 2004 and 2006, the report says. In total, Carr kept \$441,298 of the cash for himself.

The auditor found nearly \$200,000 was paid to the Alberta Lung Association and a communications firm, which were unwitting dupes in the scam.

Carr, who frequented casinos in his home town of St. Albert during the spending binge, was not available for comment.

Criminal charges and a civil suit are pending against Carr, 42, who hid a criminal record and lied about his education credentials.

He was fired in September from the commission's tobacco reduction unit, where he was executive director.

But allegations raised on a political blog that Carr may have funnelled some of the cash to a Tory leadership campaign were also investigated.

Dunn said his office "could find no evidence" any of the stolen cash was directed to a leadership camp, but noted he can't be certain because -- unlike a provincial general election -- leadership candidates aren't required to disclose their campaign contributors and donations.

"If they were publicly available, we would have traced it. They're not publicly available," Dunn said, adding that a lack of financial transparency in the leadership race made his job "more difficult."

Tory leadership contender Mark Norris, the only candidate to release his list of contributors, said Dunn's frustrations with campaign contributions poorly reflects on the party and government.

"There's no way to trace it because our accountability is so weak," Norris said. "Regardless if it's provable or not, lets just eliminate the possibility."

Provincial legislation requires full disclosure of contributions during general elections campaigns, but doesn't apply to the leadership race -- something ethics watchdogs say must change.

Duff Conacher of Ottawa-based Democracy Watch said the next government must enact legislation that forces disclosure of all leadership campaigns -- similar to what's found on the federal scene and in other provinces such as Ontario and B.C.

Dunn, meanwhile, noted that AADAC's board of directors, chaired by Calgary Tory MLA Dave Rodney, failed Albertans by not adequately overseeing its management practices. Also sloppy were AADAC's hiring practices, the auditor general noted.

"It's up to the total board of directors to assess that management is managing the business appropriately, that losses like this do not occur," Dunn said.

Carr had a criminal record and falsely claimed to have a university degree, but the commission failed to conduct a background check on both fronts that could have prevented the fraudulent activity.

Rodney was reluctant to lay blame in the matter.

"We're all responsible, aren't we," Rodney said. "What can I tell you? We've made a number of changes and will continue to make changes."

Alberta Liberal Leader Kevin Taft was incensed with the findings unearthed by Dunn's report.

"There's a culture of sloppiness and decay across the board," Taft said.

Also documented in the report -- and troubling for the governing Tories -- are illegal donations by Metis settlements to the 2004 re-election campaign for Pearl Calahasen, minister of aboriginal affairs and northern development.

RCMP confirmed Thursday that two charges have been laid against both the Peavine Metis Settlement Association and the Gift Lake Metis Settlement Association over a total of \$3,000 in illegal donations.

Dunn's report also found:

- SAIT Polytechnic and Edmonton's Grant MacEwan College paid millions of dollars to contractors for new buildings before final deals were signed.
- Grant MacEwan also accepted \$250,000 from a project bidder while public tendering was still active.
- Lakeland College received \$215,465 in fees from a private contractor to provide training for foreign students. But for much of that payment, "no training was provided to any students under these contracts." The RCMP is probing the file.

Source: The Calgary Herald - Jason Fekete, with files from CP

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