

The Criminal Liability Arising from Fraud in Construction Contracts

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Fraud in construction contracts represents one of the most serious offenses affecting public safety, economic stability, and confidence in contractual dealings. It involves deceptive practices that undermine the integrity of construction processes, including the use of non-standard materials, forgery of documents, and manipulation during project execution. This paper aims to analyze the concept of fraud in construction contracts and the criminal liability arising therefrom under Iraqi legislation, in comparison with Egyptian and French laws. The study adopts a comparative analytical methodology, examining statutory texts, judicial precedents, and professional standards to highlight the similarities and differences in legislative approaches. The results reveal that while France and Egypt have established comprehensive and stringent punitive frameworks, Iraqi legislation remains deficient, relying primarily on general criminal provisions that fail to ensure adequate deterrence. The French and Egyptian legislators explicitly criminalize construction-related fraud, imposing imprisonment, fines proportional to the value of non-compliant works, and complementary penalties such as license revocation and publication of judgments. In contrast, Iraqi law provides only limited sanctions, which are disproportionate to the gravity of the offenses. The paper concludes by recommending legislative reform to introduce specialized criminal provisions addressing construction fraud, the establishment of a national authority for construction quality control, and the enhancement of professional accountability to protect lives, property, and public trust.

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Introduction

Fraud in construction contracts has emerged as a serious global problem that threatens the safety of human lives, the stability of economies, and public confidence in contractual and regulatory systems. The construction sector, being one of the most vital components of national development, is particularly vulnerable to fraudulent practices such as the use of substandard materials, falsification of documents, and manipulation in project execution. These acts not only compromise structural integrity and public safety but also inflict significant economic losses and erode trust in both public and private construction projects (Saleem et al., 2022). Hence, addressing fraud within this sector is not merely a legal necessity but a matter of social and economic urgency.

Previous studies and legal commentaries have addressed fraud and corruption in construction generally but have often treated them under broad criminal or civil liability frameworks without specifically analyzing the **criminal dimension of construction fraud**. Comparative works between different jurisdictions remain limited, especially those linking **Iraqi legislation** with more developed systems such as **Egyptian and French law**. This limitation has created a gap in understanding how different legislative structures define, classify, and penalize fraudulent acts in the construction field.

This study aims to fill that gap by conducting a **comparative analytical examination** of the criminal liability arising from fraud in construction contracts. It explores how such liability is conceptualized, enforced, and punished under the respective legal frameworks of Iraq, Egypt, and France. The research also evaluates whether Iraq's current legislative system provides adequate deterrence and protection in light of international standards and best practices.

The novelty of this paper lies in its integrative approach — combining legislative analysis, judicial interpretation, and policy evaluation — to propose concrete reforms for strengthening Iraq's punitive framework. By comparing

different legal systems, the research seeks to highlight the deficiencies of current Iraqi provisions and recommend the adoption of specialized criminal sanctions, regulatory oversight mechanisms, and professional accountability measures. Ultimately, the objective of this study is to contribute to the development of a more effective, transparent, and just legal system that ensures safety, fairness, and integrity in the construction industry.

Methodology

This research adopts a descriptive and comparative analytical approach to examine the criminal liability arising from fraud in construction contracts. The descriptive method was employed to explain and interpret the concept of fraud, its forms, and the corresponding legal consequences within the framework of construction contracts. This approach enabled the researcher to clarify how fraudulent acts—such as the use of non-standard materials, document forgery, and manipulation in project execution—are addressed under different legal systems.

The comparative analytical method was then utilized to analyze and contrast the legislative and judicial approaches of Iraq, Egypt, and France. By comparing their respective penal codes, building laws, and judicial precedents, the study identified similarities, divergences, and areas for potential legislative development in Iraq.

Data for this research were obtained exclusively from documentary sources, including national legislation, court rulings, official legal commentaries, academic journals, and specialized legal encyclopedias. Relevant international standards and professional codes governing construction practices were also reviewed to ensure a comprehensive understanding of the subject.

This methodological framework provides a systematic basis for evaluating the adequacy of existing punitive policies and for proposing recommendations to strengthen criminal accountability and legal protection against fraud in the construction sector.

Result And Discussion

1.0 The Concept of Fraud in Construction Contracts

Fraud in construction contracts is considered an unlawful act that entails highly serious consequences, as it results in damages that may affect lives and property and threaten the public interest. This concept carries within it multiple meanings and diverse forms, all of which constitute the legal framework that governs this act and defines its dimensions. Accordingly, research requires determining the nature of this concept and detailing its elements in order to reach a meaning consistent with sound legal principles. Thus, studying fraud in construction contracts necessitates examining its definition on one hand, and its forms and manifestations on the other. Consequently, this chapter is divided into two sections:

- **Section One:** Definition of Fraud in Construction Contracts
- **Section Two:** Forms of Fraud in Construction Contracts

1.1 Definition of Fraud in Construction Contracts

The term “*fraud in construction contracts*” is a compound expression that requires examining the meaning of each of its words in order to reach the precise intended meaning. However, legal scholarship has not settled on a comprehensive and definitive definition of this term, but rather has limited itself to providing general definitions of fraud as a concept (al-Firūzābādī, 2005, p. 6).

Linguistically, fraud is defined as the opposite of honesty, referring to presenting something in a way that conceals its true nature, embellishing it to create the impression that it is free of defects, while in reality it is not. Thus, the fraudulent object is that which has lost its purity and authenticity (Ibn Manẓūr, 1956, p. 32).

From a legal perspective, fraud has been defined as: “*Any alteration, modification, or distortion introduced into the essence or natural composition of a given material prepared for sale, in such a way that it deprives the*

material of its essential properties, conceals its defects, or attributes to it qualities it never possessed, with the intention of obtaining unlawful financial gain” (‘Abd al-Malik, 1996, p. 46).

When applying this concept to construction contracts, fraud is manifested in any act that leads to alteration or distortion of the materials used or the works executed in the construction process, in a manner that diminishes their quality or conceals their defects, thereby securing financial benefits at the expense of safety requirements and quality standards of execution.

As previously noted, the jurisprudential definitions of fraud have included some instances through which it may occur. However, it is clear that fraud cannot be confined to those examples alone; rather, its scope extends to encompass other situations, particularly in the field of construction contracts.

Fraud has also been defined as: “*Any deliberate positive act directed at a specific product or service, contrary to the rules established in legislation or professional standards, whenever such an act diminishes the product’s properties, usefulness, or value*” (As‘ad Aḥmad, 2012, p. 1).

From this definition, it is evident that fraud only materializes with the existence of criminal intent—that is, the deliberate will of the perpetrator to achieve an unlawful result. Consequently, unintentional mistakes are not sufficient to constitute fraud; what is required is the intent to obtain unlawful material gain. Thus, fraud in construction contracts is aimed at achieving financial benefits at the expense of work quality and the safety of the structure.

Fraud, in comparative jurisprudence and legislation, is generally classified into two main types (Revolutionary Command Council Decision No. 236, 2002, Art. 1):

1. Industrial Fraud

The Iraqi legislator has defined this as: “*Any act that results in the production and marketing of a material in violation of the rules governing its manufacture, in such a way that diminishes its properties and usefulness.*” This type of fraud occurs at the stage of producing

materials used in construction, such as the manufacture of cement, steel, or other essential building materials, in a manner that violates approved specifications and standards, thereby causing them to lose part of their essential qualities.

2. Commercial Fraud

This refers to *"Deceiving one of the contracting parties by any means, whether through altering the nature, appearance, essential characteristics, source, or origin of a product, or by providing false or misleading commercial information about marketed goods."*

It includes practices such as misrepresentation, service fraud, counterfeiting trademarks, failing to comply with applicable laws, or incorporating false or misleading information into declared product data. In construction contracts, this type of fraud typically occurs at the stage of marketing and supplying materials, where deception is directed at the contracting parties themselves (UAE Federal Law No. 19 on Combating Commercial Fraud, 2016, Art. 1).

In light of the above, fraud—whether industrial or commercial—constitutes a criminalized act aimed at achieving unlawful material or moral gains. Its danger is particularly severe in construction contracts, as it can result in the partial or complete collapse of buildings, exposing individuals and their property to serious risks, while also causing large-scale economic losses and undermining trust in economic transactions.

Some comparative legislations—such as French and Egyptian law—have refrained from providing a specific definition of fraud, leaving the matter to scholarly interpretation and judicial practice. The jurisprudence of the French Court of Cassation has settled on defining fraud as: *"Any recourse to an unlawful means or transaction that does not conform to legal regulations and ultimately results in achieving an unlawful material gain"* (Būdālī, 2005, p. 3).

In contrast, the Iraqi legislator addressed fraud in the Penal Code but did not differentiate between industrial and commercial fraud. This approach is sound, since any form in which fraud is realized

constitutes a punishable offense under the provisions of the Iraqi Penal Code of 1969, as amended (Iraqi Penal Code, 1969, Arts. 466–467).

As for the concept of *muqavala* (construction contract), legal scholarship has generally defined it as: *"An agreement between two parties whereby one undertakes to carry out a specific work in return for a fixed payment within a specified period of time"* (al-Shabāwī, n.d., p. 7).

Thus, it is a contract based on the contractor's obligation to complete the agreed work—most often in the field of construction—against remuneration paid by the employer. Another definition describes it as: *"A contract by which a person undertakes to perform work for another person in return for remuneration, without the contractor being subject to the employer's direct supervision or management"* (Abū al-'Aẓm, n.d., p. 3687).

Accordingly, a construction contractor is the party who undertakes the execution of a construction or civil engineering project in accordance with the contractual terms agreed upon with the project owner, in return for a specified fee and within a defined timeframe.

Although the Iraqi legislator did not provide a specific definition of the construction contract in special laws governing construction works, it addressed this type of contract in the Civil Code. It stipulates that a construction contract is: *"A contract in which one of the parties undertakes to manufacture something or perform work in return for remuneration undertaken by the other party"* (Iraqi Civil Code, 1951, Art. 864).

Similarly, the Egyptian legislator has affirmed that a construction contract is: *"A contract by which one of the contracting parties undertakes to manufacture something or perform work in return for remuneration undertaken by the other contracting party"* (Egyptian Civil Code, 1948, Art. 646).

1.2 Forms of Fraud in Construction Contracts

The means and methods employed by perpetrators of fraud to achieve their goals are numerous. They often resort to various forms of deception and trickery that affect the essence of

the work or the materials involved in its composition. Fraud, in general, may occur through any modification, substitution, or alteration of the essential elements of a material. However, fraud in construction contracts assumes particular forms that manifest in practices contrary to legislative provisions or in violations of professional rules and norms, directly impacting construction, implementation, and expenditure. The ultimate aim is always to secure unlawful financial gain at the expense of quality and safety standards. Among the most prominent forms of fraud in this field are the following:

1.2.1 Using Materials That Do Not Comply with Standard Specifications

Standard specifications are the recognized technical and professional benchmark for measuring the quality of materials and products (Saleem et al., 2025). They are determined by specialized bodies and represent a consolidated set of requirements and criteria that any product or process must meet to ensure compliance with quality standards (Jāsim & Mas'ūd, 2016, p. 50).

In the construction sector specifically, compliance with standard specifications is a fundamental condition for ensuring the safety and durability of buildings. Thus, the use of materials that fail to meet these specifications constitutes a clear form of fraud and gives rise to criminal liability for the perpetrator.

The Egyptian legislator has attached particular importance to compliance with building specifications, regulating this through what is known as the Egyptian Building Code. This code comprises a set of technical requirements and standards governing design and implementation in construction projects, and it was prepared by the National Housing and Building Research Center (Civil Engineering Main Portal, n.d.).

The jurisprudence of the Egyptian Court of Cassation has confirmed this approach by convicting a contractor who used building materials that did not comply with the specifications stipulated in the Egyptian Building Code, affirming that violation of these

requirements constitutes fraud that entails criminal responsibility (Egyptian Court of Cassation, Appeal No. 2111/67, 1998).

Similarly, the French legislator adopted the Eurocode system, established by the European Committee for Standardization (CEN), with the aim of unifying and improving methods of design and implementation in the construction sector across Europe (Civil Engineering Main Portal, n.d.).

In Iraq, the Ministry of Construction, Housing, Municipalities, and Public Works, in cooperation with the Ministry of Planning/Directorate of Supervision and Quality Control, issued the *Iraqi Building Guide No. DB-311*. This guide contains seventeen chapters covering the various specifications that must be followed in construction works, beginning with soil preparation and the selection of construction materials and extending to the final stages of implementation.

Furthermore, the Law of the Central Organization for Standardization and Quality Control of 1979, as amended, emphasized the binding nature of adhering to Iraqi specifications and standards, requiring their nationwide application through formal statements published in the Official Gazette (Ministry of Construction, Housing, Municipalities and Public Works, n.d.).

The Iraqi Quality Instructions of 2011 also defined standard specifications as: "*A technical document available to all, prepared through cooperation and consensus or general agreement among all relevant parties, based on scientific, technological, and practical knowledge, with the aim of serving the public interest*" (Iraqi Quality Instructions No. 2, 2011, Art. 5(1)).

From the foregoing, it is clear that the existence of such specifications represents a fundamental condition for safeguarding the public interest in the construction sector. Accordingly, all parties to a construction contract are obligated to comply with and fulfill these standards. However, unlike the Egyptian legislator, who explicitly required compliance with the Egyptian Building Code and imposed criminal liability for its violation, the

Iraqi legislator did not prescribe specific penal sanctions for breaches of these specifications.

1.2.2 Forgery of Documents and Records

Forgery is among the most serious forms of fraud that may occur in the field of construction contracts. Jurisprudence defines it as: *"The alteration of truth with the intent to deceive, by means specified by law, in such a way as to cause harm"* (Khalil, 2008, p. 13).

The Iraqi legislator has similarly defined forgery as: *"The alteration of truth with the intent to deceive in a deed, document, or any other written instrument, through either material or moral means prescribed by law, in such a manner that it causes harm to the public interest or to an individual"* (Iraqi Penal Code, 1969, Art. 286).

Fraud in construction contracts may thus be realized through the forgery of documents and records submitted to the competent authorities or to the employer, in a manner inconsistent with reality or truth. Notable examples include (Egyptian Unified Building Law, 2008, Art. 39):

- Submitting forged bank guarantees to demonstrate the contractor's financial solvency.
- Fabricating documents related to the execution of works or the supply of materials.
- Forging administrative or technical documents required for participation in tenders or for the receipt of payments.

These acts not only constitute independent criminal offenses but also represent a distinct form of fraud in construction contracts, given their direct impact on the integrity of the contractual process, the rights of the parties, and the protection of the public interest.

Obtaining a building permit is one of the most important legal safeguards established by urban planning legislation in different countries, given its direct connection to the safety of structures and adherence to regulatory rules. Carrying out reinforcement works, partial or total demolition, or making external alterations and modifications without first securing authorization from the competent administrative authority for planning

and regulation constitutes a form of fraud and a violation of the law.

The building permit has long been considered a pivotal document in the urban planning sphere, as it serves as the official record confirming that construction activities are subject to legal rules. It also reflects the applicant's respect for the rights of others and for environmental considerations. Moreover, the permit accurately sets out the true characteristics of the building—whether residential or commercial—and clearly specifies the works authorized.

In France, the building permit is issued by the mayor and is mandatory prior to most construction or expansion works. Its purpose is to enable prior oversight of unlawful building activities. The permit is granted only after ensuring that the plans conform to the requirements of urban planning laws, local zoning regulations, or land-use schemes (Rougevin-Baville et al., 1989, p. 288).

In Iraq, the legislator adopted the licensing principle under the name "Building License." Article 1(Z) of the Roads and Buildings Regulation of 1935, as amended, defines it as: *"The building license required and obtained in accordance with the terms and conditions set out in this regulation or in other applicable laws and regulations in force."* This makes it a core regulatory tool for monitoring the construction sector and ensuring compliance with specifications and standards.

However, this regulatory framework raises the issue of its relationship with the right to private property. The Iraqi Constitution of 2005 provides in Article 23(1) that: *"Private property is protected, and the owner shall have the right to benefit from it, exploit it, and dispose of it within the limits of the law."* This implies that private property is not an absolute right, but rather one constrained by legal restrictions.

In this regard, the Egyptian Supreme Constitutional Court has addressed the limits of private property, holding that ownership is not absolute but carries a social function defined by the legislator. Article 34 of the Egyptian Constitution guarantees the protection of private

property, but Article 32 states that such property must serve a social function linked to national economic interests and development plans, provided that its use does not conflict with the public good (Egyptian Supreme Constitutional Court, Case No. 23/9, 1992).

Accordingly, a building permit—or construction license—cannot be considered an infringement on the right to private property. Rather, it is a legitimate restriction intended to safeguard the public interest, ensure orderly urban development, and protect community rights. This is consistent with constitutional principles that private ownership is exercised within the framework of the law and in accordance with its social function.

Fraud in construction contracts is not limited to the forgery of building permits alone. It may also extend to include the falsification of construction plans or any other papers and documents required for the execution of the contract, whether by alteration, modification, or fabrication. Such conduct constitutes a clear form of fraud that directly impacts the legality of construction activities and the safety of their completion.

The Iraqi Penal Code has addressed forgery in Article 287, distinguishing between **material forgery** and **moral forgery** as follows:

Material Forgery

Material forgery occurs through any of the following means:

- Placing a forged signature, thumbprint, or seal, or altering a genuine one.
- Obtaining, by deceit or surprise, a signature, thumbprint, or seal from a person unaware of the true content of the document.
- Filling in a signed or sealed blank paper without the authorization of the person whose signature, thumbprint, or seal it bears, or misusing it.
- Making alterations in a document by adding, deleting, or modifying text, numbers, images, marks, or other recorded data.

- Fabricating or imitating a document.

Moral Forgery

Moral forgery occurs through any of the following means:

- Altering an original statement that the document was intended to record.
- Recording a false fact in the form of a true fact, with knowledge of its falsity.
- Recording a fact not acknowledged as if it were acknowledged.
- Assuming the identity of another person, substituting it, or claiming false capacities.
- Distorting the truth or omitting essential information in the document, rendering it incorrect, or altering facts and data intended to be recorded therein.

From this, it is evident that fraud in construction contracts may be realized through **material forgery** when it involves alteration or fabrication of technical or administrative documents, or through **moral forgery** when it involves the distortion of data or facts in plans or project-related documents. In either case, such actions constitute a complete crime of fraud, given their direct impact on public interest, urban safety, and the rights of the parties involved.

1.2.3 Manipulation and Fraud in the Execution of Construction Works

Manipulation or fraudulent practices in the execution of construction works represent one of the most prominent forms of fraud in construction contracts. This occurs when works are carried out in a manner inconsistent with what was contractually agreed upon or contrary to mandatory technical specifications and codes. Whenever the execution deviates from the terms of the contract or from binding standards, it constitutes fraud in construction contracts.

In its general meaning, **manipulation** refers to a secret agreement between two or more parties to achieve an unlawful objective, whether for monopolistic purposes or to secure financial or political benefits. It has also been defined as:

“Exerting control or influence over others by hidden or unusual means for personal advantage.” Within the realm of construction contracts, this may take the form of misusing project funds, tampering with quantities and materials, or subcontracting works under fictitious names, all for the purpose of securing personal benefits at the expense of contractual obligations (Ameyaw et al., 2017).

Fraudulent misrepresentation (deception) constitutes another form of fraudulent execution. Derived from the concept of trickery, it is generally defined as: *“The unlawful appropriation of another’s movable property through deceptive means with the intent to acquire ownership.”* It is considered a financial crime involving misleading or deceiving the victim. In construction contracts, this is realized by using unlawful methods to manipulate quantities, conceal material defects, or exaggerate the volume of completed works (Wazir, 1983, p. 323).

The French legislator has defined fraud as: *“Any person who uses a false name or incorrect capacity, or resorts to fraudulent maneuvers to convince others of fictitious projects, false influence, nonexistent credit, false promises of profit, or imaginary events, with the intent of inducing another to hand over money or property, or to sign documents, contracts, or waivers, thereby depriving them of all or part of their wealth.”*

Similarly, the Egyptian legislator has criminalized fraud in the Penal Code, stipulating that: *“Anyone who fraudulently obtains money, goods, debt instruments, or receipts by means likely to deceive the victim—such as false projects, forged events, false promises of profit, or other deceptive methods—shall be punished by imprisonment”* (Egyptian Penal Code, 1937, Art. 336).

The French legislator has also emphasized the seriousness of fraud in the execution of construction works. Article L.408-4 of the French Civil Code provides that: *“Violation of fundamental rules through fraudulent means constitutes a punishable crime.”* This reflects the strong commitment to protecting public trust in the construction sector and ensuring that executed works comply with binding legal and technical standards.

Executing a construction contract in a manner that deviates from what was contractually agreed upon is a recognized form of legally punishable fraud, as affirmed by the French legislator. Manipulating the number of devices or the quantities of materials supplied for different items of construction work constitutes a violation of contractual obligations and amounts to fraud, even if the materials themselves meet the agreed technical specifications (Ghannam, 1995, p. 109).

The French Court of Cassation confirmed in its ruling of 24 May 1982 that fraud may be established merely by delivering equipment or furnishings of a different nature or quality than what was agreed upon, even if there was no violation of the essential specifications of construction materials. Thus, any change or substitution made without the knowledge of the contracting party amounts to a breach that rises to the level of fraud, thereby triggering criminal liability (Cour de cassation, Chambre criminelle, 1983).

Fraud may also occur through the execution of fictitious or incomplete projects. In such cases, a contractor or construction company receives advance payments from the client with prior intent not to complete the project. By contrast, when project execution is delayed or suspended due to force majeure—such as rising material prices or unforeseeable external circumstances—liability is civil rather than criminal.

Another manifestation of fraud is the establishment of shell companies or front companies with the sole purpose of securing construction contracts unlawfully. These entities often exploit the influence of their owners or their governmental positions to obtain privileges or contracts that are not awarded based on fair competition. Such practices constitute a form of fraud in construction contracts, as they rely on abuse of influence and manipulation in contract awards, warranting criminal responsibility (FasterCapital, n.d.).

Fraud can also arise in the context of real estate sales, whether for completed buildings or those still under construction. This occurs when a seller

contracts with multiple buyers to sell the same property, without actually delivering it to any of them. Since ownership transfer is contingent upon delivery, the property does not legally pass to the buyer, and the seller—having received funds deceitfully—has committed a form of real estate fraud. This type of fraud involves deception and misrepresentation with the intent of securing unlawful financial gain at the expense of others (Ghannam, 1995, p. 110).

Fraud in construction contracts may also arise when a built property—or one still under construction—is sold to more than one buyer. In such cases, the first purchaser acquires rights to the property even if it has not yet been officially registered. This form of unlawful transaction constitutes a serious offense requiring criminalization, as it reflects the legislator's intention to combat fraudulent acts that undermine trust in real estate dealings, whether the property is fully completed or still under construction (Zahra, 1989, p. 133).

The French legislator addressed this form of fraud by criminalizing false statements in construction contracts. As a general principle, providing false information in a civil contract typically gives rise to civil liability only. However, the French legislator recognized the gravity of this conduct and determined that it warranted independent criminal sanctions. Accordingly, the law stipulates that: *"Anyone who provides false information in a construction contract or its annexed agreements shall be punished by imprisonment for not less than one month and not more than five years, and by a fine of not less than 100 francs and not more than 100,000 francs, or by either of these two penalties"* (French Law of August 7, 1957, Art. 59).

The scope of this criminalization is not confined to the execution phase alone but also extends to earlier stages, where false statements may constitute either moral forgery or fraud, depending on the circumstances of each case.

The establishment of such legislative measures is tied to the unique nature of the construction sector, which, unlike many other industries, is closely linked to the public interest, as well as the

safety of lives and property. Both the Egyptian and French legislators have recognized this particularity and have enacted advanced legal provisions that reflect technical and regulatory developments in the sector. Consequently, it is essential for the Iraqi legislator to draw inspiration from these comparative experiences and to adopt a modern legislative approach tailored to the distinctive characteristics of the construction industry—an approach that would strengthen legal protection and ensure effective deterrence against construction-related fraud

2.0 Policy for punishing fraudsters in construction contracts

Punitive policy refers to the approach adopted by the state in imposing sanctions on acts and behaviors that conflict with prevailing laws and social norms, in order to safeguard public order and protect the public interest. Within this framework, both the Egyptian and French legislators have sought to address the legal challenges associated with construction contracts by introducing precise regulations and strict penalties. These measures are designed to close potential loopholes that could otherwise be exploited to commit fraud in this vital sector.

2.1 The Punitive Policy for Violating Standard Specifications

The French legislator has attached special importance to compliance with technical standards and specifications in the construction sector, recognizing the grave risks that fraud or violations of these requirements pose to human life, property, and the public interest. To this end, the French Construction and Housing Code establishes strict sanctions against individuals and companies that breach these standards, particularly the European Building Code (Eurocode).

The law imposes a financial penalty of up to **€45,000** on individuals and up to **€225,000** on companies found in violation. In addition, contractors or engineers responsible for executing non-compliant works may face a **prison sentence of up to six months** (French

Construction and Housing Code, 1978, Art. L.152-4).

The legislation further prescribes a fine of up to **€6,000** for anyone who undertakes construction without first obtaining a permit, or who circumvents the conditions imposed by the permit (French Construction and Housing Code, 1978, Art. L.131-2).

Importantly, punitive measures are not limited to financial or criminal sanctions. The French legislator also obliges offenders to carry out corrective measures at their own expense. These may include demolishing the building or re-executing the works where technically possible. Local authorities are also empowered to halt projects or revoke building permits entirely (French Construction and Housing Code, 1978, Art. L.424-1).

Thus, the French punitive policy does not stop at repressive sanctions but also extends to **complementary penalties and administrative measures**. This reflects a preventive legislative approach designed to ensure that all construction works conform to binding technical standards and specifications, thereby safeguarding both public safety and trust in the construction industry (French Construction and Housing Code, 1978, Arts. L.152-4, L.424-1).

French jurisprudence has enshrined the principle of criminal liability in fraud-related crimes involving the use of counterfeit building materials or forged documents. The French Court of Marseille (Cour de Marseille, n.d.), in the case of the collapse of a residential building in 2018, convicted a number of contractors and engineers for using materials that did not comply with specifications, in addition to relying on forged certificates of conformity to conceal the true nature of the materials used. This case is a practical example of the seriousness of fraud in the construction sector and the grave human and material losses that may result.

As for the Egyptian legislator, this issue was explicitly addressed in the Unified Building Law No. 119 of 2008, which stipulated the punishment of anyone who commits the crime of

fraud in the use of building materials or employs materials not conforming to standard specifications by imprisonment for a period of not less than six months, and by a fine of not less than twice the value of the non-compliant works, with a minimum of fifty thousand Egyptian pounds, and not exceeding three times the value of the non-compliant works, or by one of these two penalties (Egyptian Unified Building Law, 2008, Art. 104).

The penalty is aggravated if the fraud results in the total or partial collapse of the building, or if the structure becomes at risk of collapse, where the offender shall then be punished by imprisonment for a period of not less than one year, and by a fine of not less than twice the value of the non-compliant works.

The law has also established complementary sanctions aimed at reinforcing both general and specific deterrence, including:

- Removing the name of the designer, supervising engineer, or contractor from the records of the Engineers' Syndicate or the Contractors' Union for a period not exceeding five years.
- In the case of repeat offenses, the minimum period of removal shall be doubled, together with no less than twice the custodial penalty imposed.
- Mandatory publication of the judgment in two widely circulated daily newspapers at the expense of the convicted party, to achieve social deterrence.

Thus, it is clear that the Egyptian legislator has adopted a strict punitive policy, not limited to the principal penalty of imprisonment and fines, but also extending to complementary, professional, and publicity sanctions. This aims at reinforcing both general and specific deterrence, protecting society from the dangers of construction fraud, and ensuring that all parties in the construction process comply with technical and legal standards (Qashqoush, 1996, p. 59).

All parties participating in construction operations—from the architect, to the contractor, and finally to the property owner—bear a legal obligation not to use counterfeit or

non-standard materials in the construction of buildings.

However, the scope of knowledge of specifications differs from one party to another. The property owner may be ignorant of some technical details, while the engineer and contractor have a special duty to inform the owner of the violation, if any, and to refrain from execution if the violation is not corrected. Otherwise, they are considered accomplices in the crime of fraud. Officials of the competent authorities are entrusted with monitoring these obligations and recording violations when they occur (Egyptian Court of Cassation, Appeal No. 1887/65, 1997).

The Egyptian Court of Cassation laid down a judicial principle in this regard, when it convicted an engineer and contractors for committing fraud in the execution of construction works in violation of technical and engineering drawings and specifications. The court sentenced the first defendant to five years' imprisonment, and the second and third defendants to three years' imprisonment and dismissal from office (Ghannam, 1995, p. 168).

The Egyptian legislator also prescribed ancillary penalties against the offending engineer or contractor, including (Egyptian Unified Building Law, 2008, Arts. 49–50):

- Removal of his name from the registers of the Engineers' Syndicate or the Contractors' Union for a specified period.
- Mandatory publication of the judgment in an official newspaper at the expense of the convicted party, in order to achieve social deterrence.

It is not required for the crime to be established that the materials used pose a direct danger to human life. It is sufficient that they are in violation of the prescribed technical specifications, such as increasing the proportion of water or sand in concrete, or using rusted reinforcement steel (Ghannam, 1995, p. 168).

The Egyptian legislator imposed on the property owner an additional obligation to monitor the

building and ensure the safety of its occupants, through compliance with the provisions of the Egyptian Building Code, which requires the availability of fire alarm and ventilation systems, as well as a sufficient number of elevators according to the height of the building (Egyptian Unified Building Law, 2008, Art. 105).

In case of violation of these obligations, the owner shall be punished by imprisonment or by a fine of not less than twenty thousand Egyptian pounds and not exceeding fifty thousand pounds, or by one of these two penalties, in addition to being obliged to correct the defective works at his own expense. If the violation results in the death of one or more persons, or the injury of three or more persons, the penalty shall be aggravated to imprisonment and a fine for a period of not less than six months (Egyptian Unified Building Law, 2008, Art. 105).

Although Iraq possesses a legislative system governing construction that may be considered a regulatory model, this system is almost devoid of direct penal or criminal provisions that deter fraud in construction contracts. Iraqi construction legislation—including the standard specifications issued by the Ministry of Construction, Housing, Municipalities, and Public Works—did not include sufficient penal provisions proportionate to the seriousness of acts committed in this field.

With regard to violation of standard specifications, the Law of the Central Organization for Standardization and Quality Control No. 54 of 1979, as amended, prescribed the penalty of imprisonment for a period not exceeding one year, or a fine not exceeding five thousand dinars, or both. This penalty, despite its importance, is disproportionate to the seriousness of the act (Saleem et al., 2026), given the consequences of construction fraud for public and private interests. This calls, in the view of scholars and jurisprudence, for aggravating the penalty and making it imprisonment, in order to protect lives and property (Law of the Central Organization for Standardization and Quality Control, 1979, Art. 13).

As for violations of building license conditions, such as erecting a building without obtaining a license, the legislator has limited the sanction to a fine only. In case of violations after the license has been granted, the violation shall be removed administratively after notifying the property owner. This administrative treatment does not achieve sufficient deterrence and is not proportionate to the seriousness of conduct when it involves intentional fraud (Iraqi Building Permit Regulation No. 2, 2016, Art. 9).

In this context, jurisprudence has proposed the establishment of a General Authority for Construction and Quality Control, with legal personality and financial and administrative independence, possessing full powers to issue professional approvals and final licensing for any construction project in Iraq. Such an authority could contribute to reducing fraud and activating both prior and subsequent control over construction works.

In the event that fraud results in the total or partial collapse of a building, causing death or injury, the Iraqi legislator refers to the general rules of the Penal Code. Article 411(1) of the Iraqi Penal Code provides that: *"Whoever kills a person by mistake or causes his death unintentionally, when arising from negligence, recklessness, lack of attention, lack of precaution, or failure to observe laws, regulations, or orders, shall be punished by imprisonment and a fine, or by one of these two penalties."* This applies to construction fraud as a violation of laws, regulations, and technical orders.

It follows that the Iraqi punitive policy in the field of construction fraud remains deficient and of weak effect, as it relies on light penalties (short imprisonment or small fines) that do not achieve general deterrence and are not proportionate to the grave risks resulting from such acts. Therefore, there is an urgent need for the Iraqi legislator to intervene to reformulate this punitive policy in a manner consistent with urban developments and ensuring effective protection of lives and property.

If fraud in construction contracts results in the death of three or more persons, the penalty under

Iraqi legislation does not exceed three years of imprisonment. Considering the seriousness of such an act and the resulting loss of life, this penalty is disproportionate to the gravity of the offense. It therefore calls for its aggravation to become a prison sentence that ensures both general and specific deterrence and puts an end to fraudulent practices in construction works (Iraqi Penal Code, 1969, Art. 411).

In cases of wrongful injury, the law prescribes the following penalties (Iraqi Penal Code, 1969, Art. 416(1)–(2)):

- Imprisonment for a period not exceeding six months and a fine not exceeding fifty dinars, or one of these two penalties.
- If the incident results in permanent disability, the offender shall be punished with imprisonment for a period not exceeding two years.

However, these penalties, although in place, are not commensurate with the seriousness of the act. Fraud in construction may result in severe injuries or permanent disabilities that affect human dignity and physical safety. Accordingly, it is recommended that such penalties be aggravated to long-term imprisonment.

From the foregoing, it becomes clear that the aforementioned Iraqi provisions fall within the scope of general rules applicable to any act violating laws, orders, or regulations, and they do not contain specific provisions addressing construction fraud crimes in the manner adopted by the Egyptian legislator.

The Egyptian legislator was more precise and strict. The Unified Building Law No. 119 of 2008 stipulates special penalties as follows:

"If the act results in the death of one or more persons, or in permanent disability of more than three persons, the penalty shall be imprisonment for not less than two years and a fine of not less than twice the value of the non-compliant works and not exceeding three times their value, without prejudice to any more severe penalty provided for in another law" (Egyptian Unified Building Law, 2008, Art. 104).

From this provision it is understood that the penalty in Egyptian law ranges from imprisonment for two to ten years, in addition to aggravated financial penalties tied to the value of the non-compliant works. This reflects the Egyptian legislator's recognition of the seriousness of construction fraud as an assault on the public interest and societal security.

2.2 The Punitive Policy for Forgery of Documents and Records

The French legislator has classified the forgery of documents and records—including building permits—as a serious crime requiring strict sanctions. Article 442-1 of the French Penal Code provides for imprisonment of up to ten years and a fine of up to €150,000 if the perpetrator is an individual. If the offender is a company, the fine may reach €750,000. The French Urban Planning Code also includes the sanction of administrative demolition of any building erected on the basis of a forged permit, with demolition costs charged to the offender, in addition to a fine of up to €6,000 per square meter of illegally constructed area. Committing forgery by a public official is considered an aggravating circumstance (French Penal Code, 1992, Art. 441-1).

The Egyptian legislator, through the Unified Building Law No. 119 of 2008, prohibited the construction of any buildings, facilities, or works of expansion, alteration, reinforcement, restoration, or demolition without first obtaining a license from the competent administrative authority. For violations, the law prescribes a penalty of imprisonment and a fine of not less than 10,000 Egyptian pounds and not more than 100,000 pounds, or one of these two penalties, even if no forgery occurred. This liability extends not only to public employees but also to engineers, contractors, and property owners.

The severity of these penalties reflects the fact that failing to obtain a permit—or forging one—is often linked to serious violations concerning land use, building methods, or public safety and health regulations. Moreover, Article 99 of the Egyptian Building Law prescribes ancillary penalties for public employees, which may

include dismissal from office, and provides that penalties multiply according to the number of violations, highlighting the legislator's commitment to protecting the public interest through both primary and ancillary sanctions.

In cases of forged building permits, the Egyptian law stipulates imprisonment for not less than one year and not more than ten years, and a fine of not less than twice the value of the non-compliant works and not more than three times that value, without prejudice to any more severe penalty provided by another law. The law also imposes additional sanctions on engineers and contractors, including removal of their names from professional registers for up to two years, with the duration doubled in case of repeat offenses to match the term of imprisonment imposed, as well as mandatory publication of the judgment in two widely circulated daily newspapers at the expense of the convicted party (Egyptian Unified Building Law, 2008, Art. 39).

The Iraqi legislator criminalized the forgery of official documents—including building permits—under the Penal Code, prescribing imprisonment for up to fifteen years. It further provides for the punishment of any public official or person entrusted with public service who knowingly presents a forged document, whether the document is official or private, material or moral. Thus, any forgery committed in documents or papers submitted to obtain a building permit—whether material or moral forgery—is considered a fully constituted crime under Iraqi law (Iraqi Federal Court of Cassation, Decision No. 51/Forgery/2010, 2010).

2.3 The Punitive Policy on Manipulation and Fraud in the Execution of Construction Works

The French legislator has given particular attention to the issue of manipulation and fraud in the execution of construction works. The Penal Code stipulates a penalty of **three years' imprisonment and a fine of up to €45,000** for anyone who presents fictitious projects with the intent to deceive others. The punishment is further aggravated in cases of fraud, where the

law prescribes imprisonment in addition to a fine of up to **€375,000**, regardless of whether the works executed conform to the technical specifications (French Penal Code, 1992, Art. 223-1).

In Egypt, the legislator criminalized fraud and deceit under the general provisions of the Penal Code. It provides that anyone who manages to seize the property of others through fraudulent methods—such as creating false projects, fabricating events, promising fictitious profits, disposing of property not owned, or using a false name or title—shall be punished with imprisonment for up to **three years**, as a conventional fraud offense (French Penal Code, 1992, Art. 313-1).

Beyond these general provisions, the Egyptian legislator addressed fraud and manipulation specifically in construction contracts under the Unified Building Law No. 119 of 2008. Article 104 provides:

"Whoever commits fraud or manipulation shall be punished by imprisonment for a period of not less than six months and a fine of not less than twice the value of the non-compliant works and not more than three times the value of the non-compliant works, without prejudice to any more severe penalty prescribed by another law. If the violation results in the total or partial collapse of the building, or the death of one or more persons, or the serious injury of more than three persons, the penalty shall be imprisonment for not less than two years and not exceeding ten years, and a fine not less than the value of the non-compliant works."

It is noteworthy that the Egyptian legislator did not confine itself to general provisions but introduced **specific rules** that reflect the seriousness of fraud in construction contracts, especially when it endangers lives and property.

The Egyptian judiciary has reinforced this legislative approach. The Cairo Criminal Court sentenced a contractor to **three years' imprisonment** for using fraudulent methods to sell fictitious real estate units to citizens, who later discovered they could not take possession of them. The court found that he had used forged sales contracts and misled buyers with false

building permits, which constituted punishable fraud and deceit (Egyptian Penal Code, 1937, Art. 336).

Conclusion

This study concludes that fraud in construction contracts poses a critical threat to public safety, economic integrity, and legal certainty. The comparative analysis between Iraq, Egypt, and France reveals substantial disparities in legislative treatment. While the French and Egyptian systems have established comprehensive punitive frameworks—criminalizing fraudulent practices, enforcing strict penalties, and incorporating preventive administrative measures—the Iraqi legal system remains limited to general criminal provisions that fail to address the specific nature and gravity of construction-related fraud. This legislative gap weakens deterrence and hinders accountability within the sector.

Accordingly, the research emphasizes the necessity of **reforming Iraqi legislation** by introducing specialized provisions that clearly define and penalize fraud in construction contracts, proportionate to the resulting harm. The establishment of a **National Authority for Construction Quality Control** is recommended to oversee compliance, licensing, and inspection. Moreover, enhancing professional responsibility among engineers and contractors, supported by judicial specialization in construction crimes, would ensure greater protection for lives, property, and public confidence. These reforms would not only strengthen legal deterrence but also align Iraq's legislative framework with modern international standards in construction governance.

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Competing Interest

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