

SECTION TEN

## DETAILED FINDINGS— GROUPACTION

### 10.1

#### Business Background

Mr. J. Brault and his wife, Ms Joane Archambault, started Groupaction Marketing Inc. ("Groupaction") in 1982.

The main operating companies were:

- a) Groupaction Marketing - the primary advertising and marketing company; and
- b) Alléluia Design ("Alléluia") - a company operating in the field of artistic and graphic design.

In November 1997 Groupaxion Nouveaux Médias ("Groupaxion") was incorporated to operate in the fields of interactive media and web sites.

In May 1998 Impact Splash was incorporated to operate in the field of communication services related to events and sponsorships, both GOC and private sector.

Effective October 1, 1998, Mr. J. Brault, through 3522610 Canada Inc., purchased the assets of Gosselin Communications Stratégiques. This numbered company operated as Groupaction Gosselin Communication Stratégique and changed its operating name in 2002 to Gosselin Relations Publiques. We have referred to this company as "Groupaction/Gosselin".

In October 1999 Communication Groupdirect was incorporated. In January 2001 this company purchased Jean Lafleur Communication Marketing.

In addition to the above-noted operating companies, three separate entities were created for the purchase of the four buildings occupied by Groupaction and related operating companies.

Exhibits C-291(A), pages 3-7 contain corporate organization charts for the Brault group of companies.

### 10.2

#### GOC Selection Process

##### 10.2.1 Groupaction's First Dealings with the GOC

In January 1995 Groupaction secured their first advertising contract from CRTC.

Groupaction was awarded its first SPS contract on July 2, 1996, well before the APORS SPS qualification process referred to in Table 67.

##### 10.2.2 Selection Process

The Table below sets out the known agency selection competitions where Groupaction was the winning agency or member of the winning consortium. A listing of all known selection competitions has been compiled and produced as Exhibits P-416(A) and P-416(B).

Table 67: Groupaction - Agency Selection Competitions

<b>Final Report Date</b>	<b>GOC Department</b>	<b>Winning Agency or Consortium</b>
1993	Justice	A consortium including Groupaction
December 9, 1994	Canadian Radio-Television and Telecommunications Commission	Groupaction
May 17, 1995	Revenue Canada – Québec Region	Groupaction
November 23, 1995	Agriculture and Agrifoods Canada	P.A.C.T. (Palmer Jarvis / Groupaction / Compass Communications / The Ongoing Partnership)
April 28, 1997	PWGSC (SPS Contracts)	Groupaction and 9 other agencies
November 26, 1997	Treasury Board Secretariat of Canada	Groupaction
February 2, 1999	Department of National Defence	Groupaction
September 1, 2000	Canada Information Office	Ensemble Consortium (Coffin / Groupaction / Vickers & Benson / Compass / Palmer Jarvis)
December 13, 2000	Industry Canada	Vision 4 (Acart / Palmer Jarvis / Groupaction)
May 11, 2001	PWGSC	Groupe Everest; Gosselin; Lafleur; Groupaction; TNC Multicom; Compass; Armada; Bristol; Coffin <sup>1</sup>

### 10.3

## Contracts with GOC

### 10.3.1 SPS Contracts

Companies owned by Mr. J. Brault managed SPS contracts with a total value of \$89.5 million. Groupaction managed \$60.8 million, Groupaction/Gosselin \$23.1 million and Lafleur Communication \$5.6 million. Of the total contract value of \$89.5 million, \$60.1 million was contracted via directions with Média/I.D.A. Vision.

### SPS Contracts with Groupaction

Between 1996-97 and 2001-02 GOC fiscal years, Groupaction managed SPS contracts with a total value of \$60.8 million, as detailed in Exhibit C-292 pages 2 to 23 and summarized in the following Table:

<sup>1</sup> Groupaction/Gosselin, Lafleur Communication and Groupaction were all controlled by Jean Brault at the time of the PWGSC competition.

**Table 68: SPS Contracts Managed by Groupaction for GOC Fiscal Years 1996-97 to 2001-02**

<u>Year</u>	<u>Contracts with Groupaction</u>	<u>Directions with Média/I.D.A. Vision</u>	<u>Total</u>
1996-97	830,000	-	830,000
1997-98	10,404,058	-	10,404,058
1998-99	3,884,960	\$10,924,345	14,809,305
1999-00	2,065,260	9,629,750	11,695,010
2000-01	1,105,648	13,208,900	14,314,548
2001-02	<u>1,644,994</u>	<u>7,130,000</u>	<u>8,774,994</u>
<b>Total</b>	<b><u>\$19,934,920</u></b>	<b><u>\$40,892,995</u></b>	<b><u>\$60,827,915</u></b>

### SPS Contracts with Groupaction/Gosselin

Between 1998-99 and 2002-03 GOC fiscal years, subsequent to its purchase by Brault, Groupaction/Gosselin managed SPS contracts with a total value of \$23.1 million, as detailed in Exhibit P-271, pages 2 to 21 and summarized in the following Table:

**Table 69: SPS Contracts Managed by Groupaction/Gosselin for GOC Fiscal Years 1998-99 to 2002-03**

<u>Year</u>	<u>Contracts with GRP</u>	<u>Directions with Média/I.D.A. Vision</u>	<u>Total</u>
1998-99	1,921,310	264,500	2,185,810
1999-00	3,788,940	3,831,660	7,620,600
2000-01	3,640,041	1,909,000	5,549,041
2001-02	412,595	6,177,915	6,590,510
2002-03	<u>14,070</u>	<u>1,099,975</u>	<u>1,114,045</u>
<b>Total</b>	<b><u>\$9,776,956</u></b>	<b><u>\$13,283,050</u></b>	<b><u>\$23,060,006</u></b>

### SPS Contracts with Lafleur Communication

Between January 17, 2001, when it was purchased by Brault, and the 2002-03 GOC fiscal year, Lafleur Communication Marketing managed SPS contracts with a total value of \$5.6 million, as detailed in Exhibit P-216 pages 2 to 42 and summarized in the following Table:

**Table 70: SPS Contracts Managed by Lafleur Communication Marketing For GOC Fiscal Years 2000-01 to 2002-03**

<b>Year</b>	<b>Contracts with Lafleur</b>	<b>Directions with Média/I.D.A. Vision</b>	<b>Total</b>
2000-01	2,240	-	2,240
2001-02	94,701	5,332,010	5,426,711
2002-03	<u>3,484</u>	<u>155,250</u>	<u>158,734</u>
<b>Total</b>	<u>\$100,425</u>	<u>\$5,487,260</u>	<u>\$5,587,685</u>

### 10.3.2 Advertising Contracts

Between 1994-95 and 2002-03, Groupaction acted as communication agency for advertising contracts with a maximum value of \$112.1 million. A significant portion of these contracts were awarded in 2000-01 (\$47.3 million) and in 2001-02 (\$31.5 million). A complete list of the advertising contracts is included as Schedule 10 of this report.

Of the \$112.1 million, at least \$81.2 million represented media placement. As the communication agency, Groupaction would receive a commission of 11.75% of the media purchased.

The remaining \$30.1 million represents production costs consisting of Groupaction fees and mark-ups, payments to third party suppliers and other direct costs.

## 10.4

### Management of Contracts

#### 10.4.1 Findings on SPS Contracts

##### Significant SPS Events Managed by Groupaction

In total \$42.3 million, or 69.5% of all SPS contracts managed by Groupaction from 1996-97 to 2001-02 were related to Groupe Polygone and Expour events. The percentage increases to 87.3% for the years 1999-2000 to 2001-02, as depicted by the following Table:

**Table 71: SPS Contracts Managed by Groupaction Related to Groupe Polygone and Expour Events for GOC Fiscal Years 1996-97 to 2001-02**

Year	Total SPS Contracts	Contracts Related to Groupe Polygone and Expour Events	
		\$	%
1996-97	830,000	-	0.0%
1997-98	10,404,058	\$3,538,458	34.0%
1998-99	14,809,305	8,388,499	56.6%
1999-00	11,695,010	9,891,000	84.6%
2000-01	14,314,548	12,597,900	88.0%
2001-02	<u>8,774,994</u>	<u>7,889,592</u>	<u>89.9%</u>
<b>Total</b>	<b><u>\$60,827,915</u></b>	<b><u>\$42,305,449</u></b>	<b><u>69.5%</u></b>

A detailed listing of events is attached as Schedule 4. Other significant SPS contracts managed by Groupaction include the following:

- Nagano Olympic Games - \$5.95 million;
- Community information newspapers - \$3.6 million;
- Opportunity analysis (3) - \$1.63 million;
- CD-Rom Dessin Animé (Mimi) - \$1.3 million (plus another EP04I contract included in "advertising" based on the contracting vehicle utilized); and
- Grand Prix du Canada - \$1.26 million.

### **Remuneration from Groupe Polygone and Expour**

As set out on Schedule 20, Groupaction and related companies received \$2.1 million from Groupe Polygone, Expour or other companies controlled by Mr. Luc Lemay. The accounting records of the Groupaction companies reflect these funds as fees for a variety of services, including, for example, management services for the outdoor sporting shows or salons promoted by Lemay.

### **Commissions on Amounts Sub-Contracted to Related Parties**

In order to execute an SPS contract, Groupaction would utilize the services of its various affiliated companies to fulfill the contract requirements, particularly Alléluia and Groupaxion.

Services provided to Groupaction by Alléluia and Groupaxion would typically be billed to the GOC with a commission of 17.65% added to the amount of the invoices.

### **Work Invoiced to GOC Not Supported by Subcontractor Records**

The nature of services described in the inter-company billings were often vague and the basis of how the billing amounts were determined were not indicated.

For example Alléluia issued an invoice to Groupaction for production fees of \$38,000 associated with the 1998 Grand Prix of Canada (Exhibit C-309 pages 64 to 67). The invoice describes fees associated with research, models, mounting and production of materials for miscellaneous signs.

Docket summaries from Alléluia's accounting system provide details as to the nature of work performed and hours charged by individuals on any specific project or docket. The docket summary associated with the Grand Prix invoice does not indicate any specific costs associated with the type of activities listed in the invoice (research, models, production of materials for various posters) nor does it provide for any hours worked by employees of Alléluia.

Groupaction charged the GOC a 17.65% commission on this invoice.

### **Failure to Obtain Quotes**

SPS contracts required Groupaction to obtain 3 quotes on sub-contracted amounts over \$25,000.

Based on our review of documents, Groupaction did not obtain three quotes on sub-contracted amounts of \$25,000 or more prior to 2001. During the 2001-02 GOC fiscal year, consistent with our understanding of stricter management by PWGSC and Communication Canada, Groupaction started sending quotes to PWGSC for the production budgets associated with the Groupe Polygone and Expour events.

#### **10.4.2 Findings on Advertising Contracts**

### **Failure to Obtain Quotes**

Advertising contracts required Groupaction to obtain three quotes on sub-contracted amounts of \$25,000 or more. Based on the advertising contracts reviewed by Kroll, it appears that Groupaction did not obtain three quotes on sub-contracted amounts over \$25,000 prior to 2001.

### **Commissions on Amounts Sub-Contracted to Related Parties**

Based on the advertising contracts reviewed by Kroll, Groupaction billed the GOC a mark-up on work performed by Alléluia, an artistic and graphic design company associated with Groupaction.

## **10.5**

### **Findings in Relation to Specific Events**

Based on our review of specific SPS events managed by Groupaction, we have the following findings:

#### **10.5.1 Summary Comments - Events Associated with Groupe Polygone & Expour**

- Expour and Groupe Polygone generated over \$25 million in profits before income taxes during the years they received SPS funding (as detailed in Section 11.4 of this report). During that same period of time revenues from the GOC represented 35.5% of Groupe



Polygone revenues and 46.1% of Expour revenues, as detailed in Exhibit P-329 items I, 2 and II.

- Mr. L. Lemay's companies paid a total of \$4.8 million to PluriDesign Canada.
- Mr. L. Lemay's companies paid a total of \$2.1 million to Mr. J. Brault's companies.
- The amount of sponsorship decreased significantly starting in 2000-01 for some of the salon events (detailed in Section I.2 of Appendix F), while the GOC continued to receive the same visibility.

#### 10.5.2 *Almanach du Peuple*

- The stated purpose of this event was to provide visibility to the GOC in the *Almanach du Peuple*, an annual publication edited and produced by Groupe Polygone. Examples of the visibility obtained through this sponsorship initiative are included at Appendix J of this report.
- For the content received, the GOC paid a rate per page that was higher than the advertising rate published by the *Almanach du Peuple*.
- For the 2002 edition of the *Almanach du Peuple*, the Government of Québec purchased approximately 80 pages of content (78 pages plus the inside front cover and spine) at a cost of \$58,000, representing a cost per page of \$725. For the same edition of the *Almanach du Peuple*, the GOC purchased 116 pages of content at a total cost of \$525,000 (this amount does not include the production budget and the commissions paid to the agencies), representing a cost per page of approximately \$4,500, more than six times the price per page paid by the Government of Québec.

#### 10.5.3 *Magazines Nationaux & Régionaux*

- The stated purpose of these events was to provide visibility to the GOC in magazines edited, published or managed by Groupe

Polygone. Examples of the visibility obtained through these sponsorship initiatives are included in Appendix I of this report.

- Based on our review of the available documentation, we have not identified any document that would show how the value of the visibility received by the GOC was determined.

Mr. L. Lemay sent a letter to Groupaction on July 26, 2002 describing the visibility to the GOC for the "Magazines Nationaux - Régionaux" events. Some of the visibility identified actually relates to visibility provided under other SPS events (i.e. Radio capsules), as demonstrated in Appendix I of this report. It appears the value of this visibility was claimed for two distinct SPS events.

#### 10.5.4 Journal de Montréal & Journal de Québec

- Based on the information reviewed, the visibility related to this event was obtained by the publication of 21 separate posters distributed in the *Journal de Montréal* and the *Journal de Québec* on 21 separate occasions. At a total cost of \$2.9 million for the GOC, this represents approximately \$137,000 per poster. An example of the visibility obtained through this sponsorship initiative is included in Appendix K of this report.
- None of the information reviewed indicated that CCSB approved the posters and resulting visibility prior to their publication.
- Groupe Polygone and Groupaction have not provided information indicating the level of visibility provided (for example number of posters distributed).

### 10.5.5 Radio Capsules

- The stated purpose of these events was to provide funding for a series of radio message campaigns providing tips on various topics, such as hunting, fishing and the outdoors, the economy, health, environment, agriculture and food, security and housing. Examples of the visibility obtained through this sponsorship initiative are included at Appendix H of this report.
- The GOC was the only source of funds for the radio capsules, representing contracts with a total value of \$15.9 million.
- The radio capsules involved the production and airing of radio messages. These steps are consistent with an advertising campaign.
- For advertising campaigns, the media placement is usually purchased through the AOR, with documentation supporting the value of the media placements usually sent by the AOR to CCSB or Communication Canada. This was not the case with the radio capsules.
- The entire SPS amounts were paid to Groupe Polygone. Groupe Polygone did not provide CCSB or Communication Canada with a breakdown of the costs associated with the event, or the actual amounts paid for the radio airtime.
- The radio messages provided free advertising or visibility for the narrators of the messages and their business vehicles. As an example, *Sentier Chasse-Pêche*, a magazine owned by Mr. L. Lemay, obtained free exposure in some of the radio messages.

### 10.5.6 Salons

- The stated purpose of these events was to provide funding for hunting, fishing and outdoors shows or salons, and a few agriculture and First Nations-related shows or salons.

#### Salon National du Grand Air de Québec (1999-2000)

- The 2000 edition of the *Salon National du Grand Air* in Québec City was cancelled by Expour.
- The entire sponsorship amount (\$333,043) and related agency commissions (\$49,957) were already paid to Expour, Groupaction and Média/I.D.A. Vision at the time of cancellation.
- Mr. Guité issued a letter, prior to his retirement, instructing Groupaction and Expour to replace any cancelled events by visibility in other events.
- For four regional salons held in St-Jérôme, Drummondville, Baie-Comeau and Rouyn-Noranda, costs incurred by Expour for the "replacement" visibility was \$5,250. This cost included booths where Groupe Polygone promoted their *Sentier Chasse-Pêche* magazine.

#### Salon International de la Machinerie Agricole (1999-2000)

- The 2000 edition of the Salon International de la Machinerie Agricole was cancelled due to a tear in the Olympic Stadium's roof.
- The entire sponsorship amount (\$508,695) and related agency commission (\$76,305) were already paid to Expour, Groupaction and Média/I.D.A. Vision at the time of cancellation.
- Mr. Guité issued, prior to his retirement, a letter instructing Groupaction and Expour to replace any cancelled events by visibility in other events.

- No documents were found in the GOC files, or in the documents provided to the COI by Groupe Polygone, regarding replacement visibility having been provided to the GOC.

#### **Salons Chasse et Pêche - Trois-Rivières & Sherbrooke**

- Expour received \$1.6 million in SPS funding from 1998-99 to 2002-03 for hunting and fishing salons in Trois-Rivières (\$804,348) and Sherbrooke (\$804,348).
- Unlike salons in Montréal, Québec City, Chicoutimi and Rimouski, Expour was not the promoter of the events in Trois-Rivières and Sherbrooke. Rather, Mr. Gaétan Mondoux and his company, Exposition C.P., was the promoter of these two salons.
- Expour paid Exposition C.P. \$100,000 from 1999 to 2003 to acquire the sponsorship rights associated with these two salons.
- Based on the itemized descriptions on PluriDesign's invoices, Expour also paid PluriDesign Canada \$1 million in fees related to these events, \$485,475 for Trois-Rivières and \$530,125 for Sherbrooke, respectively.
- Based on the review of Expour's financial records, there does not appear to be any other significant costs associated with these events.

#### **Salon Chasse et Pêche - Régionaux**

- Expour received \$525,000 in SPS funding during 2000-01 for regional hunting and fishing salons.
- A further \$250,000 in SPS funding was approved for regional hunting and fishing salons for 2001-02. Expour received \$125,000 and the balance was not paid by the GOC.
- Expour purchased visibility in regional salons. The documents associated with these events indicate that four or five regional salons were to provide visibility for the GOC.

- Unlike salons in Montréal, Québec City, Chicoutimi and Rimouski, Expour was not the promoter of these regional salons.
- The invoices located for the specific regional salons (Rouyn-Noranda, Baie-Comeau and St-Jérôme) indicate that Expour paid the event organizers \$1,000 per salon to obtain the visibility, for a total cost of approximately \$5,000, leaving Expour with \$520,000 of the \$525,000 received from the GOC for 2000-2001. Similar costs were incurred in 2001-2002.
- Expour also paid PluriDesign Canada \$90,000 in fees related to this event during 2000-01. This amount is based on the itemized descriptions on PluriDesign's invoices.
- Based on the review of Expour's financial records, there do not appear to be any other significant costs beyond the \$5,000 paid for the visibility associated with these events.

#### **Rendez-Vous Autochtone**

- Rendez-Vous Autochtone is an event within the Salon National du Grand Air de Montréal. Rendez-Vous Autochtone received its own SPS funding in 2000-01 (\$245,000) and in 2001-02 (\$230,000).
- The Salon National du Grand Air de Montréal was already receiving significant SPS funding from the GOC: \$1,063,750 in 2000-01 and \$1,110,960 in 2001-02.
- It should be noted that the requests for the two events were not sent to CCSB at the same time. The request for the Salon National du Grand Air de Montréal was sent prior to the start of a new fiscal year. The requests for Rendez-Vous Autochtone were sent eight to nine months later.

- It is not known if CCSB recognized the fact that Rendez-Vous Autochtone was part of the Salon National du Grand Air de Montréal, or if it did know, why it decided to sponsor the event, or if they received more visibility than they would have received otherwise.

#### 10.5.7 Grand Prix of Canada

- Groupaction managed the SPS contract for the Grand Prix of Canada event in 1998.
- The final amount paid by the GOC for this event included \$900,000 in sponsorship and \$114,000 in production costs, for a total of \$1,014,000 paid to GPMI, the promoter of the event.
- A document accompanying, but not necessarily part of the contract between GPMI and Groupaction indicates that "the deal" is actually \$700,000 in sponsorship, \$50,000 in production costs, and \$264,000 in tickets for the 3-day event (230 daily tickets for a total of 690 tickets). 30 of these 3-day tickets were for the "paddock club", at a cost of \$2,800 each. A further 110 3-day tickets were in the "loges restaurant" category, at a cost of \$1,400 each.
- We have not been able to ascertain who benefited from the use of these tickets. Correspondence between Groupaction and GPMI indicated that up to 336 of the 690 tickets may have been for use by GOC employees or representatives.

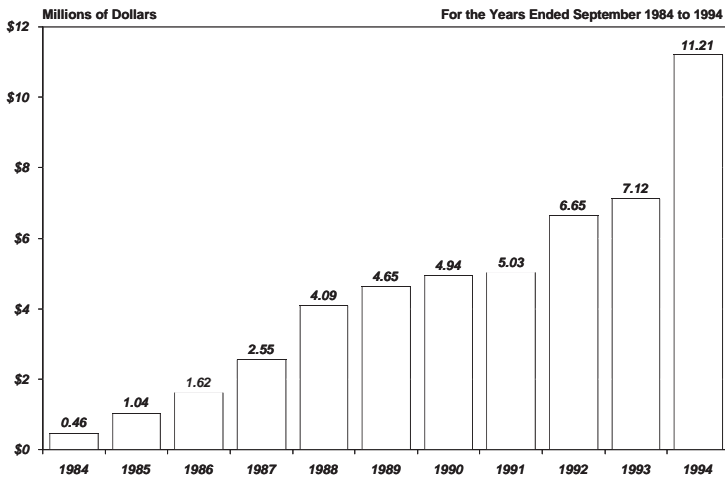
## 10.6

### Financial Impact of Advertising and SPS Contracts on Results of Groupaction

#### 10.6.1 Level of Business Prior to Advertising and SPS Contracts

From 1982 to 1994, Groupaction's clients were from both the private and public sectors, including the Québec provincial government. The level of business grew steadily over the years, as shown in the following Table:

Table 72: Groupaction Marketing - Annual Revenues 1984-1994



We were not able to establish a summary of revenues by customer for this period as the information was not available. We have not located any information that would lead us to believe that Groupaction received contracts from the GOC during this period.

During this same period the net income of Groupaction grew from \$17,045 in 1984 to \$314,078 in 1994.

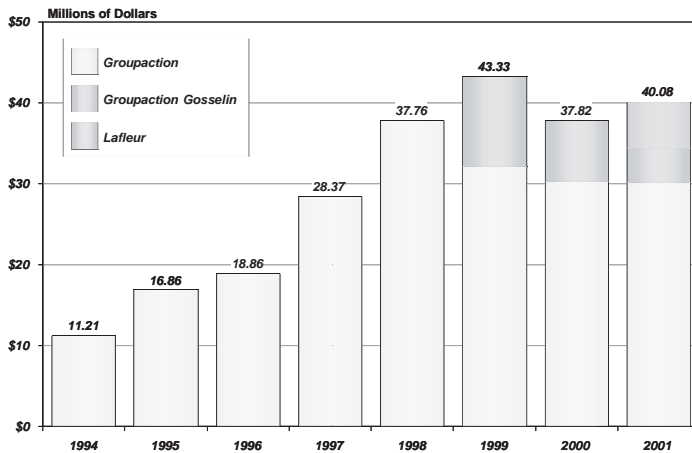


### 10.6.2 Impact on Revenues

Groupaction's revenue increased significantly after it started receiving contracts from the GOC; from \$11.2 million in revenue in 1994, prior to GOC contracts awarded to Groupaction, to well above \$40 million, after the purchase(s) of Gosselin Communication and Lafleur Communication, as shown in the following Table:

**Table 73: Groupaction Marketing Annual Revenues**

**Groupaction, Groupaction/Gosselin and Lafleur Communication**



Based on Groupaction's Adtraq accounting system, which does not include Groupaction/Gosselin and Lafleur Communication, Groupaction generated \$51.99 million in revenues from the GOC from 1996 to 2002, representing 28% of Groupaction's revenues recorded in the accounting system for this period.

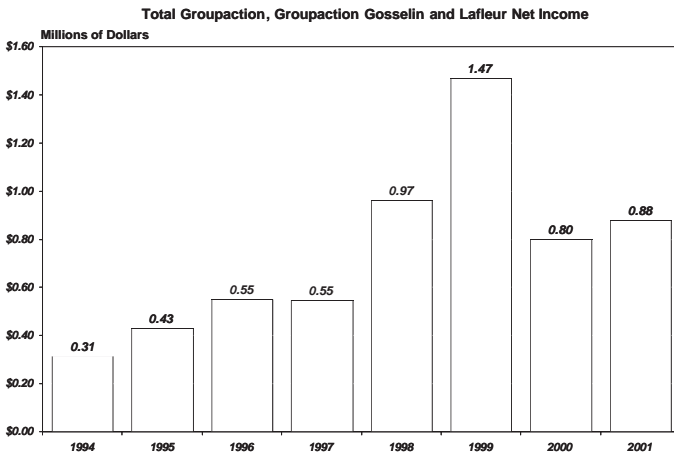
10.6.3 Impact on Net Income

The net income of Groupaction continued to increase from 1994 to 2001, as demonstrated in the following Table:

**Table 74: Groupaction Marketing, Groupaction/Gosselin and Lafleur Communication Net Income for the Years Ended 1994 to 2001**

Year	Groupaction Marketing	Groupaction/Gosselin	Lafleur Communication	Total
1994	\$314,078	-	-	\$314,078
1995	431,155	-	-	431,155
1996	548,823	-	-	548,823
1997	544,700	-	-	544,700
1998	964,864	-	-	964,864
1999	891,294	577,451	-	1,468,745
2000	887,927	(91,144)	-	796,783
2001	<u>1,208,557</u>	<u>(292,649)</u>	<u>(36,686)</u>	<u>879,222</u>
<b>Total</b>	<u>\$5,791,398</u>	<u>\$193,658</u>	<u>(\$36,686)</u>	<u>\$5,948,370</u>

**Table 74a - Net Income of Selected Communication Agencies**



Due to the mixture of clients, it is not possible to separate the profits generated from the GOC contracts from the overall results.

## 10.7

## Notable Uses of Funds by Groupaction

## 10.7.1 Salaries and Dividends

## Salaries

Based on their personal tax returns or T4 slips, Mr. J. Brault and Ms Joane Archambault received from Groupaction a total of \$3.9 million in salaries between 1992 and 2001, as detailed in the following Table.

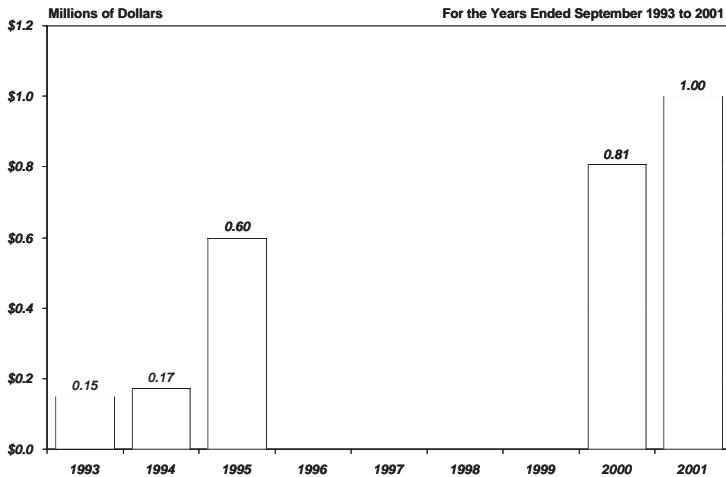
**Table 75: Salaries Paid by Groupaction to Mr. Jean Brault and Ms Joane Archambault from 1992 to 2001**

<u>Year</u>	<u>Mr. Jean Brault</u>	<u>Ms Joane Archambault</u>	<u>Total</u>
1992	\$156,934	\$33,995	\$190,929
1993	167,428	36,500	203,928
1994	147,869	37,667	185,536
1995	193,993	n/a	193,993
1996	247,596	46,899	294,495
1997	262,705	48,120	310,825
1998	431,255	56,136	487,391
1999	636,690	69,641	706,331
2000	428,748	77,990	506,738
2001	<u>765,765</u>	<u>60,173</u>	<u>825,938</u>
<b>Total</b>	<b><u>\$3,438,983</u></b>	<b><u>\$467,121</u></b>	<b><u>\$3,906,104</u></b>

## Dividends

The accumulated profits of Groupaction were also distributed to its shareholders by way of dividends. During the years ended September 30, 1993 and 2001, \$2.7 million was paid in dividends, as follows:

Table 75a - Groupaction Marketing - Dividends Paid



### 10.7.2 Political Contributions

#### Contributions to the Liberal Party of Canada - \$170,854

Based on the documents available, Groupaction and related companies paid \$170,854 in political contributions to the Liberal Party of Canada from 1993 to 2002. The contributions were paid by Groupaction (\$136,654), Alléluia (\$29,200) and Impact Splash (\$5,000).

The following Table summarizes the political contributions by year by company and is detailed in Exhibit C-298, pages 2 to 4:

**Table 76: Groupaction - Political Contributions to the Liberal Party of Canada For 1993 to 2002**

<b>Year</b>	<b>Groupaction</b>	<b>Alléluia Design</b>	<b>Impact Splash</b>	<b>Total</b>
1993	\$455	-	-	\$455
1994	4,399	-	-	4,399
1995	-	-	-	-
1996	8,100	-	-	8,100
1997	59,300	-	-	59,300
1998	16,400	\$5,000	-	21,400
1999	40,400	15,000	\$5,000	60,400
2000	6,400	9,200	-	15,600
2001	1,200	-	-	1,200
2002	-	-	-	-
<b>Total</b>	<b><u>\$136,654</u></b>	<b><u>\$29,200</u></b>	<b><u>\$5,000</u></b>	<b><u>\$170,854</u></b>

**Other Payments Purportedly Made for Political Purposes - \$1.76 million**

In addition to the political contributions to the Liberal Party of Canada identified in Table 76 of this report, other amounts were paid in a number of different manners and are purportedly related to political parties or political contributions. Table 77 below summarizes these other payments, purportedly related to political parties or political contributions.

**Table 77: Groupaction Marketing - Payments Suggested by Brault to be for Political Purposes**

	<b>Payee or Type of Payment</b>	<b>Amount</b>
1.	9004-8612 Québec Inc. (Comsar)	\$812,065
2.	PluriDesign Canada	430,370
3.	Investissement Alain Renaud	153,481
4.	John Welch	84,500
5.	Commando Communication	70,000
6.	Groupe Everest	50,000
7.	Le Groupe Gosselin et Associés	42,856
8.	Productions Caméo	39,850
9.	Richard Boudreault via Harel Drouin & Associés	24,975
10.	Gestions Richard B. Boudreault	14,790
11.	Club de Golf de Verchères	14,100
12.	Restaurant La Tarentella	8,282
13.	Georges Farrah	6,000
14.	Au Printemps Gourmet	5,168
15.	Gabriel ("Gaby") Chrétien	4,000
16.	Business organizations fundraisers attended by Ministers	3,150
17.	Cash payments	<u>unknown</u>
<b>Total</b>		<b><u>\$1,763,587</u></b>

Schedule 2I to this report provides more detail on the nature of these transactions.

As noted in Schedule 2I the amount paid to 9004-8612 Québec Inc. and Investissement Alain Renaud were for his lobbying services and to finance his efforts on behalf of the Liberal Party of Canada. Further, as noted in Schedule 2I, Mr. J. Brault indicated that he made a number of cash payments or contributions to the Liberal Party of Canada (Québec) through Mr. Alain Renaud, Mr. Benoît Corbeil, Mr. Jacques Corriveau and/or Mr. Giuseppe (Joe) Morselli. We have identified, as noted in Schedule 22, various Groupaction cheques totaling \$406,514, which may have provided Mr. J. Brault with the opportunity to obtain cash amounts.

#### **Contributions to the Parti Québécois - \$21,000**

We have identified \$21,000 in payments to employees of Groupaction (seven payments of \$3,000 each). Mr. J. Brault and Mr. Bernard Michaud have indicated, in their testimony to the COI, that these payments were used to fund matching payments of \$3,000 to the Parti Québécois by the employees.

#### **10.7.3 Payments to Mr. Guité and Oro Communication**

Groupaction paid \$127,731 to Oro Communication between October 1999 and February 2002 (Exhibit P-375, p.40). According to the supporting documents, these payments were made for the services of Mr. Guité for his work regarding potential acquisitions and acquirers for Groupaction.

In addition, Société Immobilière Alexsim Inc., controlled by Mr. J. Brault, paid \$25,000 to Mr. Guité on April 19, 2001 (Exhibit C-299 p.39).

Mr. J. Brault also paid \$35,000 to Mr. Guité for the purchase of a car.

## 10.8

### Scope Limitations

The following documentation was requested but not available for our review:

1. The complete files for all SPS contracts covering the GOC's 1996-97 to 2001-02 fiscal years; we were provided with the files, however, these files do not appear to be complete. As an example, there was a letter signed by Guité on July 3, 1999 that authorized Groupaction to destroy documents related to the visibility provided by Groupe Polygone and Expour for SPS contracts for the 1997-98 and 1998-99 GOC fiscal years (Exhibit C-296 p.83).
2. Copies of cancelled cheques for all of the Jean Brault companies. We were provided with access to certain cheques, however it appears that the documents were not complete.
3. Financial statement of Groupaction Marketing for the year ended September 30, 2002 and 2003.
4. Financial statements of 348833I Canada Inc. from 1998 to 2003.
5. Financial statements of 9054-0337 Québec Inc. from 1997 to 2003.
6. Financial statements of Solution - Ventes & Marketing Inc. from 1998 to 2003.
7. Financial statements of 3703096 Canada Inc. from 2000 to 2003.
8. Bank accounts of Jean Brault and Joane Archambault from 1994 to 2003, and accompanying cancelled cheques and deposit books.
9. Personal income tax return for Joane Archambault for the year ended December 31, 1995.

