

**Commission of Inquiry into
the Sponsorship Program
and Advertising Activities**



**Commission d'enquête sur le
programme de commandites
et les activités publicitaires**

Public hearing

Audience publique

Commissioner

The Honourable Justice /
L'honorable juge
John H. Gomery

Commissaire

Translation/ Traduction

VOLUME 126

Held at:

Guy-Favreau Complex
Salle des Saules
Conference Centre
200 René-Lévesque Blvd. West
Suite 050, Level 00
Montreal, Quebec
H2Z 1X4

Tenue à:

Complexe Guy-Favreau
Salle des Saules
Centre des conférences
200 boul. René-Lévesque Ouest
Pièce 050, Niveau 00
Montréal (Québec)
H2Z 1X4

Wednesday, May 25, 2005

Mercredi, le 25 mai 2005

Appearances/Comparutions

Ms. Sheila-Marie Cook	Executive Director and Secretary of the Commission/Directrice exécutive et secrétaire de la Commission
Mr. Guy Cournoyer	Commission Associate Legal Counsel/Conseillé juridique associé de la Commission
Ms. Rosalie Landry-Schönbeck Ms. Laura Snowball	Commission Counsel/Procureur de la Commission
Mr. Serge Roy	Registrar and Court Clerk/ Registraire et greffier
Mr. Sylvain Lussier Ms. Marie Marmet	Attorney General of Canada/ Procureur général du Canada
Ms. Beth Stewart	Office of the Auditor General of Canada/Bureau du vérificateur général du Canada
Mr. Michel Massicotte	B.C.P. Ltd./Ltée.
Mr. Pierre Fournier	The Honourable Alfonso Gagliano
Mr. Jean-Sébastien Gallant	The Right Honourable Jean Chrétien
Mr. Jean H. Lafleur Mr. James Katz	VIA Rail
Ms. Julia Holland	Canada Post Corporation
Mr. Arthur L. Hamilton	Conservative Party of Canada/ Parti conservateur du Canada
Ms. Katty Duranleau	Bloc Québécois
Mr. Doug Mitchell	Liberal Party of Canada/Parti Libéral du Canada

Appearances/Comparutions

Mr. Robert Boyd	Association of Quebec Advertising Agencies
Mr. Harvey Yarosky, Q.C./c.r.	Mr. Jean S. Breault
Mr. Louis P. Bélanger Ms. Mélanie Joly	Malcom Media & Mr. Luc Lemay
Mr. Charles B. Côté	Mr. Gaetano Manganiello
Mr. Richard Phaneuf Mr. Gilles Pariseau	Mr. Jacques Corriveau/ PluriDesign Inc.

Table of Contents/Table des matières

	Page
List of Exhibits:	vi
ROBERT MACDONALD, Resumed/Sous le même serment:	23657
PIERRE ST-LAURENT, Resumed/Sous le même serment:	
STEVEN WHITLA, Resumed/Sous le même serment:	
Examination-in-Chief by/Interrogatoire-en-chef par Mr. Cournoyer (cont'd/suite):	23657
Submission by/Représentation par Mr. Massicotte:	23684
Cross-Examination by/Contre-interrogatoire par Mr. Mitchell:	23686
Submission by/Représentation par Mr. Cournoyer:	23702
Cross-Examination by/Contre-interrogatoire par Mr. Bélanger:	23711
Cross-Examination by/Contre-interrogatoire par Mr. Fournier:	23743
Cross-Examination by/Contre-interrogatoire par Mr. Lussier:	23752
Cross-Examination by/Contre-interrogatoire par Mr. Bélanger (cont'd/suite):	23768
Re-Examination by/Ré-interrogatoire par Mr. Cournoyer:	23774
GAETANO MANGANIELLO, Sworn/Assermenté:	23786
Examination-in-Chief by/Interrogatoire-en-chef par Mr. Cournoyer:	23786
Cross-Examination by/Contre-interrogatoire par Mr. Mitchell:	23824
Cross-Examination by/Contre-interrogatoire par Mr. Lussier:	23829

Table of Contents/Table des matières

	Page
Re-Examination by/Ré-interrogatoire par Mr. Cournoyer:	23833

LIST OF EXHIBITS/LISTE D'EXHIBITS

NO.	DESCRIPTION	PAGE NO.
P-458	Documents pertaining to the testimony of representatives of Gosselin Communications Stratégiques - DETAILED AFFIDAVIT OF GILLES-ANDRÉ GOSELIN/Documents relatifs au témoignage des représentants de Gosselin Communications stratégiques - AFFIDAVIT CIRCONSTANCIÉ DE GILLES-ANDRÉ GOSELIN	23656
P-412	ADDENDUM (Replaces page 210)/ADDENDUM (Remplace la page 210)	23657
P-459	Letter from Mr. Valier Boivin of Boivin O'Neil to Mr. Pierre St-Laurent, dated May 24, 2005, re: BCP Ltd./Lettre de Me Valier Boivin de Boivin O'Neil datée du 24 mai 2005 à M. Pierre St-Laurent re BCP Ltée	23658
P-460	Documents pertaining to the testimony of GAETANO MANGANIELLO/Documents au soutien du témoignage de GAETANO MANGANIELLO	23786

NOTE: In this transcript, quotations from exhibits have been translated for the benefit of readers and are not official translations. Please note also that the page numbers given are those of the original document, not the translation.

MISE EN GARDE : Les extraits des pièces cités dans la présente transcription ont été traduits librement pour faciliter la compréhension des lecteurs. Il ne s'agit donc pas de la traduction officielle. Veuillez noter que les numéros de page renvoient aux pages du document d'origine.

1 --- Upon commencing at 9:36 a.m./

2 L'audience débute à 9h36

3 **THE COMMISSIONER:** Bonjour. Good morning. Please be
4 seated.

5 [TRANSLATION]

6 **MR. COURNOYER:** Good morning, Mr. Commissioner, well
7 rested.

8 [ENGLISH]

9 **THE COMMISSIONER:** On with figures?

10 **MR. COURNOYER:** Well, some are even suggesting that we
11 have now a third official language: French, English and
12 Accounting.

13 (LAUGHTER/RIRES)

14 [TRANSLATION]

15 **MR. COURNOYER:** Mr. Commissioner, before continuing
16 with the testimony from the members of the panel, I have three
17 documents I would like to introduce into evidence. You will
18 recall that yesterday, when examining the slide on Gosselin
19 Communications, we referred to the existence of an affidavit,
20 which had not in fact been introduced. The document that was
21 introduced is an affidavit that contains a certain amount of
22 information that had been held in abeyance since we had decided
23 at the time that it would probably be more useful to do it this
24 way rather than wading into the morass of transactions related
25 to the disposal of Gosselin Communications.

1 So I propose filing the exhibit, the detailed
2 affidavit, with the documents under "P" ---

3 **THE CLERK:** It's 458 now.

4 **MR. COURNOYER:** 458, with the following reservation,
5 Mr. Commissioner.

6 --- **EXHIBIT NO./PIÈCE NO P-458:**

7 Documents pertaining to the testimony of
8 representatives of Gosselin Communications
9 Stratégiques - DETAILED AFFIDAVIT OF GILLES-ANDRÉ
10 GOSELIN/Documents relatifs au témoignage des
11 représentants de Gosselin Communications Stratégiques
12 - AFFIDAVIT CIRCONSTANCIÉ DE GILLES-ANDRÉ GOSELIN

13 **MR. COURNOYER:** Since this is a detailed affidavit, I
14 do not think it would be appropriate or suitable to leave open
15 the possibility that one of my colleagues, when reading -- I
16 doubt it would happen -- but when reading the exhibit, that one
17 of them might want to ask Mr. Gosselin questions about this
18 affidavit. Since it is a detailed affidavit, it is not
19 appropriate to leave this possibility open and I would say my
20 colleagues should make me aware of any such need by the end of
21 the week.

22 **THE COMMISSIONER:** I think that is a short but
23 reasonable deadline under the circumstances because we can't
24 stretch things out indefinitely.

25 **MR. COURNOYER:** Exactly.

1 **THE COMMISSIONER:** So, I would ask anyone to let us
2 know by the end of the week if they think it will be necessary -
3 - not just desirable, but necessary -- to cross-examine on the
4 affidavit.

5 **MR. MITCHELL:** Excuse me, Mr. Cournoyer, what is the
6 number of the exhibit?

7 **MR. COURNOYER:** P-458, Mr. Roy?

8 **THE CLERK:** Yes.

9 **ROBERT MACDONALD, Resumed/Sous le même serment:**

10 **PIERRE ST-LAURENT, Resumed/Sous le même serment:**

11 **STEVEN WHITLA, Resumed/Sous le même serment:**

12 **--- EXAMINATION-IN-CHIEF BY/INTERROGATOIRE-EN-CHEF PAR MR.**

13 **COURNOYER (cont'd/suite):**

14 **MR. COURNOYER:** We have also introduced an addendum to
15 exhibit P-412, Mr. Macdonald?

16 [ENGLISH]

17 **MR. MACDONALD:** Yes.

18 [TRANSLATION]

19 **MR. COURNOYER:** Page 212 for comments Mr. Macdonald
20 will make this morning. When we look at the slide on Vickers &
21 Benson, page 210 of P-412 must be replaced, and it's a document,
22 Mr. Commissioner, a sheet ---

23 **THE COMMISSIONER:** No, I don't have it. Very well.

24 **MR. COURNOYER:** So, we ---

25 [ENGLISH]

1 **MR. MACDONALD:** Mr. Cournoyer, it is -- sorry, excuse
2 me, it is page 210.

3 **MR. COURNOYER:** Two ten (210) of P-412.

4 **MR. MACDONALD:** Correct.

5 **MR. COURNOYER:** Okay. I may have pronounced the wrong
6 numbers.

7 [TRANSLATION]

8 **THE COMMISSIONER:** Could I have 412, please?

9 [ENGLISH]

10 **MR. COURNOYER:** And we will get to that, Commissioner,
11 when we review the numbers of Vickers & Benson.

12 [TRANSLATION]

13 **THE COMMISSIONER:** It's already here.

14 **MR. COURNOYER:** It might be documents from last week,
15 Mr. Commissioner, when you heard ---

16 **THE COMMISSIONER:** Yes.

17 **MR. COURNOYER:** --- Mr. Hayter.

18 **THE COMMISSIONER:** Mr. Hayter. Okay, very well,
19 that's fine.

20 **(SHORT PAUSE/COURTE PAUSE)**

21 **MR. COURNOYER:** And finally, Mr. Commissioner, I would
22 like to introduce as P-459 a letter dated yesterday that was
23 sent to Mr. St-Laurent, who must ---

24 --- **EXHIBIT NO./PIÈCE NO P-459:**

25 Letter from Mr. Valier Boivin of Boivin O'Neil to Mr.

1 Pierre St-Laurent, dated May 24, 2005, re: BCP
2 Ltd./Lettre de Me Valier Boivin de Boivin O'Neil à M.
3 St-Laurent datée du 24 mai 2005 re BCP Ltée

4 **MR. COURNOYER:** The letter provides preliminary
5 information for which documents will be forwarded to us to
6 provide context for Mr. St-Laurent's testimony about certain
7 dividends mentioned in the presentation about ---

8 **THE COMMISSIONER:** Dividends ---

9 **MR. COURNOYER:** --- the BCP agency.

10 **THE COMMISSIONER:** --- described as being of the
11 "butterfly" type.

12 **MR. COURNOYER:** Exactly. In fact, it ---

13 **THE COMMISSIONER:** I'm totally in the dark.

14 **MR. COURNOYER:** In fact, butterfly or not, what I
15 understand is that butterflies are transactions in which there
16 are deemed dividends and not paid-out dividends, and I think Mr.
17 St-Laurent will do what is necessary to clean up and provide
18 context ---

19 **THE COMMISSIONER:** He will explain to us how a
20 corporation can be reorganized to avoid the tax consequences
21 that normally ---

22 **MR. COURNOYER:** As I understand it, Mr. St-Laurent
23 will provide appropriate explanations to situate all the
24 transactions involving the BCP agency.

25 **THE COMMISSIONER:** He will give us a course in tax

1 law.

2 **MR. MASSICOTTTE:** And with your permission, Mr.
3 Commissioner, on behalf of BCP, I would mainly like to remove
4 the butterflies we had in our stomachs when we saw the original
5 numbers, which should be read differently and should take into
6 account the dividends generated by BCP's operations.

7 **THE COMMISSIONER:** So the effect is to reduce the
8 butterfly effect.

9 **MR. MASSICOTTTE:** Correct.

10 **MR. COURNOYER:** I believe your comments, Mr.
11 Massicotte, cast out any butterflies that may have been flitting
12 about among us.

13 **MR. MASSICOTTTE:** I had not noticed any.

14 **(LAUGHTER/RIRES)**

15 **MR. COURNOYER:** So, Mr. Commissioner, before
16 continuing, I would like to come back, following the filing of
17 P-458, to the Gosselin agency and to Mr. St-Laurent's testimony
18 in this regard.

19 Mr. St-Laurent, returning to the slide on page 52, I
20 understood yesterday, when we were looking at the bottom of page
21 52 of this presentation on Gosselin, that the information in the
22 affidavit was necessary to properly situate the numbers at the
23 bottom of page 52?

24 **MR. ST-LAURENT:** Quite so. Mr. Commissioner, we are
25 speaking more specifically about the \$510,000 figure, which was

1 based on the sale of CPPC shares ---

2 **THE COMMISSIONER:** Yes.

3 **MR. ST-LAURENT:** --- by Ms. Gosselin.

4 So, I referred to the affidavit and more specifically,
5 on page 11 -- actually, from page 11 to page 18 -- this is the
6 correspondence to which I was referring. What we find on page
7 11 is, first, a document which comes from Groupaction. We see
8 the date September 4, 1998. The proposed acquisition scenario
9 as of September 30, '98 is described on pages 12 and 13.

10 When we turn to page 16, we find what I would call a
11 counter-proposal from Mr. Gosselin's accountants. The date of
12 the document is September 9, 1998.

13 And I would like to draw your attention to page 18,
14 paragraph 5, point 5, if you please, and with your permission, I
15 would like to read it.

16 The total selling price should be assigned so as
17 to include \$500,000 for the sale of Mr.
18 Gosselin's shares after April 1999, as well as
19 another \$500,000 for the sale of shares ... of
20 CPPC Centre de placement professionnel en
21 communication inc. held by Ms. Andrée Côté.

22 When we read the preceding documents, what we --
23 well, what I understand is that what was sold, as I said
24 yesterday, were Gosselin's assets and the accountants' proposal
25 was to split the selling price in two, and that \$500,000 turned

1 into \$510,000 in the end.

2 **THE COMMISSIONER:** Yes. Yes.

3 So this assignment of the price was somewhat arbitrary
4 but was made on account of ---

5 **MR. ST-LAURENT:** Certain tax benefits.

6 **THE COMMISSIONER:** --- the benefits to the lady of
7 selling at that price.

8 **MR. ST-LAURENT:** Exactly, and that explains, Mr.
9 Commissioner, why CPPC stopped operating after the sale, to all
10 intents and purposes.

11 **THE COMMISSIONER:** Yes. Yes.

12 They paid \$500,000 to shut down the company.

13 **MR. ST-LAURENT:** That's it.

14 **MR. COURNOYER:** And Mr. St-Laurent, if I may, I would
15 like to refer you to page 5 of Volume 458, exhibit P-458.

16 I understand that the amounts reflected here are the
17 amounts that were planned and in paragraphs 28 and 29 of Mr.
18 Gosselin's affidavit we have an overall summary of all the
19 transactions.

20 **MR. ST-LAURENT:** That is correct.

21 **MR. COURNOYER:** So, that is the final outcome of all
22 the discussions and transactions and bargaining that took place
23 between Mr. Gosselin and Groupaction.

24 **MR. ST-LAURENT:** And the actual payments that were
25 made in the end.

1 **MR. COURNOYER:** Right.

2 Do you have any other details to add concerning this
3 transaction, sir?

4 [ENGLISH]

5 So Mr. Whitla, moving to you with respect to Coffin
6 Communication, we have the appropriate slide at page 58 and
7 would you be kind enough to get us through this flow of funds
8 with respect to Coffin?

9 **MR. WHITLA:** Certainly, Mr. Cournoyer.

10 The top line of that slide, as has been the case in
11 the other slides that we have looked at, contains a breakdown of
12 the total revenues for Coffin Communication. The timing, the
13 yearly timing of the GOC revenues is provided at Table 105 of
14 our report on page 165. And I think what this line clearly
15 shows is that there was a -- a significant portion of Mr.
16 Coffin's business was directly related to GOC-related business.

17 **MR. COURNOYER:** In terms of proportion, it is about 80
18 per cent?

19 **MR. WHITLA:** At least 80 per cent, yes.

20 **MR. COURNOYER:** Okay.

21 And with respect to expenses, you have decided to
22 outline in the presentation a number of amounts. Would you be
23 kind to comment upon them?

24 **MR. WHITLA:** Certainly. The first and most
25 significant item is the operating expenses. We have taken out,

1 to the side, the one portion that relates to payments to Oro
2 Communication, of which there were four specific invoices we
3 outlined and provided details on those transactions at page 166
4 of our report.

5 They primarily relate to three invoices for work that
6 Mr. Guité is purported to have performed in relation to
7 attempting to obtain private sponsorship for some auto racing
8 and the fourth payment, excuse me, is for -- identified at least
9 as being related to an H2O Recreation Inc.

10 The other thing I would like to point out about the
11 operating expenses is the fact that contained within there is a
12 significant flow-through amount related to both the Gingko
13 contract, which I know the Commission has heard a fair bit of
14 information on, as well as items related to the *Clarity Act*
15 contract as well, which I think the Commission is familiar with.

16 The next line on that slide relates to "Identified
17 Political Related Expenses" and included in there, we have
18 identified \$29,300 as having been paid for and accounted for by
19 the Liberal Party. Those amounts relate primarily to dinners
20 and golf tournaments that Mr. Coffin would have purchased
21 tickets for. And as well, we have identified \$400 as being paid
22 to the Conservative Party of Canada.

23 The last slide is the salaries paid to the Coffin
24 family which total \$1,012,903 and that leaves us, at the bottom
25 at the end, our "Net Income" figure for Mr. Coffin which is

1 \$357,000. We note that included beyond the \$1 million of salary
2 that the family received, they also received \$223,000 of
3 dividends but we wish to point out that \$130,000 of that related
4 to business income generated prior to Mr. Coffin receiving GOC
5 business.

6 **MR. COURNOYER:** With respect to the proportion of
7 salaries as opposed to the total revenues, they seem to be quite
8 important given the more limited nature of the revenue of the
9 Coffin Communication agency.

10 **MR. WHITLA:** They certainly are. I think that that is
11 reinforced if we look at Table 106 on page 166 of our report
12 where in 1996 there is very little GOC revenue and the actual
13 salaries to the Coffin family total \$28,500, and as you progress
14 down that chart and as the level of GOC revenue increases, you
15 can see clearly that the salaries increase as well.

16 **THE COMMISSIONER:** To be very blunt about it, Mr.
17 Coffin's business was marginally profitable until 1997 when he
18 suddenly started to get the Government of Canada contracts. He
19 was not deriving a luxurious income until that year and then
20 suddenly -- well, his salary went from \$70,000 in 1997 to
21 \$161,000 in 1978 (sic).

22 **MR. WHITLA:** That is correct.

23 **THE COMMISSIONER:** Nineteen ninety-eight (1998).

24 **MR. WHITLA:** That is correct. And as well his son's
25 salary, you can see, increased as well.

1 **THE COMMISSIONER:** Yes.

2 **MR. COURNOYER:** But even then, those salaries, in
3 comparison with other salaries that we have seen with other
4 agencies, are smaller in importance.

5 **MR. WHITLA:** They are smaller but Mr. Coffin's
6 business, the size of Mr. Coffin's business was also a lot
7 smaller as well. I mean his total revenues were a lot smaller
8 than some of the other agencies we have looked at.

9 **MR. COURNOYER:** Any other comment about Coffin
10 Communication?

11 **MR. WHITLA:** No other comments, sir.

12 **MR. COURNOYER:** So let's now turn to Vickers & Benson,
13 Mr. Macdonald, at page 59 and would you care to take us through
14 this illustration?

15 **MR. MACDONALD:** I would be happy to, thanks.

16 Page 59 shows the total revenues for Vickers & Benson
17 at \$195 million. That shows up on Exhibit P-412 at page 210,
18 the new page that was put in again this morning. And page 210
19 breaks that number down year by year, totalling \$195 million.

20 **MR. COURNOYER:** So that is the number at the bottom
21 right-hand of the chart.

22 **MR. MACDONALD:** That is correct.

23 **MR. COURNOYER:** One ninety-five two thirty-eight
24 (\$195,238,000).

25 **MR. MACDONALD:** Yes.

1 **MR. COURNOYER:** In millions.

2 **MR. MACDONALD:** And what I wanted to comment in
3 particular about that number is that represents net revenue
4 after external costs; so external costs being costs that Vickers
5 & Benson have paid with respect to primarily media purchases.
6 So it doesn't reflect total contract value, for example, from
7 the Government of Canada, which, you may recall, on the
8 advertising side was \$278 million; on the sponsorship side was
9 just over \$15 million, so a total of \$293 million. Page 59
10 shows that the GOC SPS and advertising revenues are \$48.7
11 million.

12 So the way to reconcile those numbers is that that
13 \$48.7 million represents the net revenue after what is commonly
14 called in the industry as external expenses relating to those
15 contracts.

16 **MR. COURNOYER:** And would it be fair to state that in
17 doing their accounting, they don't factor in those costs because
18 they would artificially inflate the impression of the total
19 revenue of the business?

20 **MR. MACDONALD:** It certainly could distort it and give
21 a wrong reading of the real volume of business and the value of
22 the business. So it is quite appropriate. It is treated in
23 effect as disbursements much like a law-firm might record
24 disbursements. They don't record revenues, disbursement as
25 revenues. They record them as a pass-through in their

1 accounting records and they never show up on the financial
2 statements of a law-firm or anything like that.

3 **MR. COURNOYER:** But in that sense, would it be fair to
4 say that this way of doing accounting is perfectly legitimate
5 though different from the accounting practices that we had seen
6 in the other agencies that the Commissioner has heard evidence
7 about?

8 **MR. MACDONALD:** Yes.

9 **MR. COURNOYER:** Okay.

10 **MR. MACDONALD:** I agree with that.

11 So back to page 59, we see then that 25 per cent of
12 the Vickers & Benson net revenues over that time came from the
13 Government of Canada and 75 per cent came from other revenues.

14 Let me just point out, as I am sure you have heard
15 last week when Mr. Hayter was here, Vickers & Benson is a
16 company that has been operating in Canada for a long time with a
17 wide variety of other activities in addition to its Government
18 of Canada business and that 75 per cent is representative of
19 that.

20 So then looking at their expenses and profitability,
21 Chart 59 shows that a substantial portion of that \$174 million
22 went for employee compensation and administration and \$3 million
23 to its parent company, PacCanUs Inc., in the form of management
24 fees.

25 In addition, we identify in the accounting records of

1 Vickers & Benson \$117,475 recorded as political contributions to
2 the Liberal Party of Canada. Those expenses are detailed in a
3 schedule on page 332 of Exhibit P-412.

4 And then finally we are showing that the salaries and
5 bonuses to the owners of the company totalled \$17.3 million over
6 this time period from '96 to 2003, Mr. John Hayter receiving
7 approximately half of that and the other shareholders receiving
8 the other half.

9 **MR. COURNOYER:** And yet again, this number of \$8.7
10 million needs to be put into proper context and one cannot state
11 that the entirety of that sum came from Government of Canada
12 business?

13 **MR. MACDONALD:** To the contrary, that is the -- it
14 reflects the profitability of the business as a whole.
15 Certainly the Government of Canada business contributed to the
16 profitability of the business but it accounts for -- it is a
17 portion of it but that would be all.

18 **MR. COURNOYER:** Okay.

19 **THE COMMISSIONER:** If you -- there is no reason to
20 believe that the Government of Canada business was either more
21 profitable or less profitable than the other business?

22 **MR. MACDONALD:** I agree, yes.

23 **THE COMMISSIONER:** Yes. So that since the Government
24 of Canada business represented roughly 25 per cent of the total,
25 you could say 25 per cent of the salaries and bonuses to the

1 owners were -- could be attributed to the fact that they had
2 this Government of Canada business.

3 **MR. MACDONALD:** In this company, I think, from what I
4 have seen, that is a fair conclusion to be taken.

5 **THE COMMISSIONER:** Thank you.

6 **MR. COURNOYER:** Okay. Anything additional with
7 respect to Vickers & Benson, Mr. Macdonald?

8 **MR. MACDONALD:** Well, then just the last line in the
9 last section on page 59 shows the total of monies that were paid
10 to the Liberal Party of Canada from Vickers & Benson, from Mr.
11 Hayter personally over that period of time and also from the
12 parent company PacCanUs of \$20,929, so for a total of \$141,404.
13 And then additionally, PacCanUs paid to Oro Communication a
14 total of \$371,600 between April 2000 to April 2002.

15 That information is detailed in Exhibit P-414 on pages
16 5 and 6. A breakdown of that number includes \$100,000 which was
17 paid to Oro Communication with respect to the sale of the
18 Vickers & Benson business to a new third-party company, an
19 international company in France. Mr. Guité, through Oro
20 Communication, received that commission. And in addition, other
21 monthly amounts were paid to Oro Communication as consulting
22 fees for advice being provided with respect to basically
23 government contracting.

24 **THE COMMISSIONER:** Fourteen thousand dollars (\$14,000)
25 a month for a very considerable period of time.

1 **MR. MACDONALD:** Yes, that is correct.

2 [TRANSLATION]

3 **MR. COURNOYER:** Let us now turn to Mr. St-Laurent for
4 BCP.

5 Mr. St-Laurent, the illustration on page 60 -- can you
6 guide us?

7 **MR. ST-LAURENT:** Very well.

8 So, Mr. Commissioner, we begin ---

9 **MR. COURNOYER:** With total revenues of \$90.7 million?

10 **MR. ST-LAURENT:** Yes, and I refer you to the report on
11 page 178.

12 **MR. COURNOYER:** Concerning the total revenues, Mr. St-
13 Laurent, would you make the same comment here as your colleague
14 Mr. Macdonald did about the way in which the total revenues were
15 calculated?

16 **MR. ST-LAURENT:** Yes I would. My understanding is
17 that this is the way advertising agencies in general calculate
18 revenues. As we have seen, communications agencies proceed
19 differently and the main reason is the one my colleague
20 mentioned earlier.

21 **MR. COURNOYER:** What is that?

22 **MR. ST-LAURENT:** That when it comes to costs, they
23 have only external costs and what they try to measure is
24 profitability, based on the level of what they call -- what I
25 call gross margin and they call gross revenues; in this case,

1 then, \$90 million less their internal expenses -- so, internal
2 production. That is what they are trying to measure.

3 **MR. COURNOYER:** And as I understand it the accounting
4 policy is consistent ---

5 **MR. ST-LAURENT:** with the industry practice.

6 **MR. COURNOYER:** --- with the advertising industry
7 practice.

8 **MR. ST-LAURENT:** Quite so.

9 Now, just to put things in perspective, I could refer
10 you to the exhibit, but if you look at page 178, Mr.
11 Commissioner, you see on line ---

12 **MR. COURNOYER:** Of the report?

13 **MR. ST-LAURENT:** Of the report, yes, sorry. You see
14 on the line entitled "Gross Billing," you have \$132 million from
15 the Government of Canada and \$176 million from Crown
16 corporations, for a total of \$308 million. The document doesn't
17 give a figure for revenues, that is to say for BCP's total
18 "Gross Billing," but that amount appears in Exhibit 419(b), on
19 page 248, and it is \$750 million.

20 In other words, if BCP had reported its results in the
21 same way as communications agencies, its gross revenues would
22 have been \$750 million, which less expenses of approximately
23 \$660 million leaves \$90 million, except that you won't see those
24 two figures anywhere in their financial statements.

25 **MR. COURNOYER:** And the \$90 million figure is the one

1 we see on page 178, in the "Total" column for "Revenue"?

2 **MR. ST-LAURENT:** Exactly.

3 **MR. COURNOYER:** Alright.

4 **MR. ST-LAURENT:** And the portion of revenues derived
5 from government contracts, including contracts with Crown
6 corporations, is \$37.8 million, which is 41 per cent, and that
7 is quite -- I was going to say remarkable but I think rather
8 that what is worth -- let me rephrase that.

9 **MR. COURNOYER:** Worth noting.

10 **MR. ST-LAURENT:** Worth noting, thank you, is that if
11 we perform the same calculation on page 178 taking the \$308
12 million in gross billings, Mr. Commissioner, and we divide that
13 amount by the revenues -- the company's total gross billings of
14 \$750 million, we get the same 41 per cent proportion. So,
15 whether we measure it at one point or the other, we get 41 per
16 cent in the case of BCP, which was not the case for Everest, as
17 we saw yesterday.

18 **MR. COURNOYER:** And on the first line you indicate
19 dividends in the amount of \$1.6 million, which were received in
20 '94 and '95?

21 **MR. ST-LAURENT:** Yes, which were included in the
22 revenues of \$90.7 million.

23 **MR. COURNOYER:** And I take it that the remark made
24 earlier concerning the proportion attributable to revenues from
25 government contracts would also apply to these dividends?

1 **MR. ST-LAURENT:** Well, this is a different matter.
2 Here we are talking about \$1.6 million in dividend income. So
3 the answer is no. If we are talking about dividends paid out,
4 the answer is also no, but I must explain the reason.

5 If you look at the second line, Mr. Commissioner ---

6 **THE COMMISSIONER:** Yes.

7 **MR. ST-LAURENT:** --- we have a gain on sale of
8 investments and you have the word "1996" in brackets. As you
9 will recall, Mr. Gougoux explained to you that he sold part of
10 his business to Publicis in 1996. The gain on the sale was
11 \$12.4 million. The question is whether or not that gain was
12 related to government contracts.

13 In the case of BCP, I think we can say that the bulk
14 of the amount at least was not related to the government
15 contracts, since what were sold were all the operations other
16 than the business with the Government of Canada, which Mr.
17 Gougoux kept under his own wing along with what I think he
18 called conflicting contracts or conflicting clients.

19 The only exception to that -- I think he also wanted
20 to explain -- was that a portion of the subsidiaries he had
21 previously held and which ended up under Publicis continued
22 working on government contracts on a subcontract basis. But it
23 was not a big percentage of the volume. I don't have the exact
24 figure but it was not huge.

25 **MR. COURNOYER:** So, to all intents and purposes ---

1 **THE COMMISSIONER:** There's one thing I noticed when I
2 was listening to Mr. Gougoux's testimony, that his -- these
3 Government of Canada contracts -- even though the percentage
4 over the 10-year period was 41 per cent ---

5 **MR. ST-LAURENT:** Yes.

6 **THE COMMISSIONER:** --- we see steady growth over that
7 period. And in recent years, the proportion of his assets -- of
8 his total contracts, is much greater than 41 per cent, in the
9 last years.

10 **MR. ST-LAURENT:** You are quite right.

11 **THE COMMISSIONER:** Yes.

12 **MR. ST-LAURENT:** But all that happened after he made
13 the sale.

14 **THE COMMISSIONER:** After the sale of Publicis.

15 **MR. ST-LAURENT:** That's right.

16 So that is why I say we can hardly attribute the
17 government contracts -- I mean, the other way round, we can
18 hardly attribute the gain or most of the gain in '96 to those
19 contracts.

20 **MR. COURNOYER:** The next stage of the illustration is
21 expenses.

22 What are the points to which you would like to draw
23 our attention?

24 **MR. ST-LAURENT:** Well, there is -- we see under
25 salaries that bonuses totalled \$1.6 million.

1 **MR. COURNOYER:** For a period -- for 9 years.

2 **MR. ST-LAURENT:** Yes, that's right.

3 And here, if you want to do a breakdown, I think the
4 41 per cent figure could in this case be a reasonable way to
5 proceed.

6 **THE COMMISSIONER:** M'hm.

7 **MR. ST-LAURENT:** When it comes to net revenue, as I
8 just explained, the \$22.8 million in revenue includes the gain
9 on the sale. So, if we really want to calculate just operating
10 income, we have to subtract the \$12.4 million ---

11 **MR. COURNOYER:** From the \$22.8 million that we have --

12 -

13 **MR. ST-LAURENT:** From the \$22.8 million.

14 **MR. COURNOYER:** --- in the left-hand column.

15 **MR. ST-LAURENT:** Which gives us about \$10 million.

16 Now, there is certainly a tax factor or consideration
17 that should be taken into account and I haven't really done the
18 detailed calculation as far as that is concerned, but roughly
19 speaking we can say about \$10 million.

20 **MR. COURNOYER:** Alright.

21 I also understand that you have received certain
22 information. You have a letter that was sent to you yesterday.

23 **MR. ST-LAURENT:** I don't have the letter but --- thank
24 you.

25 **MR. MASSICOTTE:** I have several copies.

1 (LAUGHTER/RIRES)

2 MR. COURNOYER: Introduced as Exhibit P-459 ---

3 MR. ST-LAURENT: Yes.

4 MR. COURNOYER: --- and I understand that information
5 that has been entered and documentation which will be provided
6 later, Mr. Commissioner, helps us put the figures in the
7 illustration on page 60 in context.

8 MR. ST-LAURENT: Yes. In fact, Mr. Commissioner, I
9 will not try to explain what a "butterfly" transaction is
10 because I wouldn't be able to. But I think ---

11 THE COMMISSIONER: And I wouldn't be able to
12 understand it either.

13 (LAUGHTER/RIRES)

14 MR. ST-LAURENT: But I don't think we need the
15 explanations which are here to make the point that I think the
16 letter is trying to make. I think I have already made the point
17 in question.

18 THE COMMISSIONER: That the payment of the dividends
19 was actual -- actually -- that the dividends were not paid.
20 They were declared but it was all in order to avoid paying more
21 tax than necessary ---

22 MR. ST-LAURENT: Yes.

23 THE COMMISSIONER: --- and the amounts declared did
24 not make it into Mr. Gougoux's pockets.

25 MR. ST-LAURENT: Not at that time, in any event.

1 **THE COMMISSIONER:** Not at that time.

2 **MR. ST-LAURENT:** And in my opinion all this is true
3 but quite secondary. Because I think the important point is
4 that when \$20.3 million was paid in dividends, a large portion
5 was not related to the government contracts.

6 **THE COMMISSIONER:** Yes.

7 **MR. ST-LAURENT:** And I have already explained the
8 reason. The reason is that a large part ---

9 **THE COMMISSIONER:** That the sale preceded most of the
10 contracts with the government.

11 **MR. ST-LAURENT:** That's right.

12 There was approximately \$12 million in dividends ---

13 **THE COMMISSIONER:** Yes.

14 **MR. ST-LAURENT:** --- that was related to the gain on
15 the sale, and therefore could not have been related to the
16 government contracts, except for a small portion, as I said
17 earlier.

18 So, when we see the \$20.3 million figure, at least \$12
19 million of it or something like that was related to the gain on
20 the sale. That leaves approximately \$8 million and of that
21 about \$2 million, maybe a bit more, was paid out at the
22 beginning of the period we're looking at. And if we go back to
23 BCP's balance sheet, we can see that shareholders' equity was at
24 least \$2 million at that time. So, the first \$2 million in
25 dividends was not related to government contracts either, which

1 leaves us with about \$6 million. And that is how I would
2 explain, in my own way, what I think the letter is trying to
3 establish.

4 **MR. COURNOYER:** Any other explanations concerning the
5 illustration on page 60, Mr. St-Laurent?

6 **MR. ST-LAURENT:** No.

7 **MR. COURNOYER:** That's it?

8 **MR. ST-LAURENT:** That's it.

9 [ENGLISH]

10 **MR. COURNOYER:** Mr. Whitla, the last illustration that
11 I want to address with you, it is page 61. It is the "Agency
12 Political Contributions." You have two columns there "Direct
13 and Indirect."

14 So why don't you explain the concept. I understand
15 that the only indirect contribution is the one that is linked
16 with Groupaction and the one you alluded to yesterday?

17 **MR. WHITLA:** That is correct.

18 **MR. COURNOYER:** Okay.

19 **MR. WHITLA:** The remaining balance is under the
20 "Direct" column relate to, again, as we mentioned yesterday,
21 transactions that we have noted in the rec books and records of
22 the agencies we have examined, the document amounts that were
23 paid to the Liberal Party.

24 There potentially is some slight variation on this
25 schedule between what we presented in our cash flow documents

1 and that relates to situation where certain, for example,
2 Vickers & Benson, where certain Vickers & Benson companies,
3 while they made contributions they haven't been noted in our
4 cash flow documents.

5 **MR. COURNOYER:** Beyond that, that is the general
6 consolidation of all the political contributions that you have
7 been able to trace and locate.

8 **MR. WHITLA:** That is correct.

9 **MR. COURNOYER:** This concludes for me ---

10 **MR. WHITLA:** Mr. Cournoyer, my understanding was that
11 we were going to quickly discuss section 5.4.

12 **MR. COURNOYER:** You are right.
13 On my anticipation to move away ---

14 **MR. WHITLA:** Page 38.

15 **MR. COURNOYER:** --- from accounting.

16 **MR. WHITLA:** Page 38 of our report, sir.

17 **MR. COURNOYER:** And you are quite right. Thank you.
18 It is good to have witnesses who are finally
19 controlling Commission counsel.

20 **(LAUGHTER/RIRES)**

21 **THE COMMISSIONER:** Well, I understand Mr. Whitla's
22 desire to talk about that because these are really their
23 conclusions.

24 **MR. COURNOYER:** Yes.

25 **THE COMMISSIONER:** And they should be allowed to give

1 the benefit of their analysis.

2 **MR. COURNOYER:** Yes. So why don't we review these
3 findings and put on the record any additional information you
4 may wish to add, to put them in to the proper light and context.

5 **MR. WHITLA:** Certainly.

6 What we have attempted to reflect in section 5.4 is
7 the summary of the various issues we noted during the course of
8 our review of the agency transactions specifically related to
9 SPS contracts. All lot of them, I think, have been heard before
10 the Commission in various manners. We are, effectively, just
11 reconfirming that these are, in fact, valid concerns that have
12 been raised and items that we have noted in the course.

13 The first item is more hours billed for professional
14 services than recorded in the agency records. In those
15 instances we have identified invoices that have been submitted
16 to the Government of Canada, when we go into the agency records,
17 we note that the time records within the agency don't correspond
18 to what has been billed. We have noted specifically an example
19 in Mr. Coffin's case where an AOR fee was paid to Mr. Coffin and
20 that same fee was effectively billed to the government as well,
21 so there is a duplicate payment there.

22 The third bullet:

23 "Billed PWGSC based on approved...[estimates] while
24 the contract required billing based on
25 approved...rates..."

1 I think Mr. Macdonald discussed that with you
2 yesterday, ---

3 **THE COMMISSIONER:** Yes.

4 **MR. WHITLA:** --- Commissioner, that in certain
5 advertising cases that occurred.

6 **THE COMMISSIONER:** Once they had furnished an
7 estimate, they regarded it as a fixed price contract, in effect,
8 but for all practical purposes.

9 **MR. WHITLA:** That appears to be the situation, yes.
10 The charge of the 17.65 and related party work, which
11 I think has been discussed in detail before the Commission.

12 Substantial mark-up on specifically promotional items.
13 There is a section in the documentation related to the Lafleur
14 companies, which describes in detail certain of those
15 situations.

16 "Billed sub-contractor labour costs at full
17 agency contract...rates instead of the actual cost
18 plus 17.65 per cent".

19 I think again you are familiar with those situations,
20 sir.

21 **THE COMMISSIONER:** M'hm.

22 **MR. WHITLA:** "Did not obtain...quotes for sub-contracted
23 work in excess of \$25,000", as was required by the contracts.

24 **THE COMMISSIONER:** Nobody bothered with that.

25 **MR. WHITLA:** Not that we have seen.

1 **MR. MASSICOTTE:** Mr. Commissioner ---

2 **THE COMMISSIONER:** Yes.

3 **MR. MASSICOTTE:** If I may. It's not so much questions
4 that I have but a comment, perhaps, that I would like to make.
5 In the case of BCP, you will have noticed this morning that Mr.
6 St-Laurent corrected the interpretation of the dividends from
7 operations to bring the figure more in line with actual
8 operations. You will also have noticed that Exhibit P-459
9 obviously refers to an exchange that has taken place since
10 yesterday amongst those involved in the Commission, the forensic
11 accountants, the lawyers, in order to further clarify the exact
12 amount of the dividend from operations. This process continues
13 as we speak, and I simply wanted to say that we have made a
14 commitment to collect the appropriate figures, submit them to
15 the forensic accountants for assessment, and I suggest to you
16 that, by the time we hear the testimony of Mr. John Parisella,
17 which is scheduled for the 30th, we will be in a position to
18 give you, for our part, our ---

19 **THE COMMISSIONER:** The final conclusions, yes.

20 **MR. MASSICOTTE:** The exact figures of the dividends
21 resulting from operations to demonstrate that, contrary to what
22 is being portrayed in the media, it is not \$20 million but, we
23 believe, closer to \$4.1 million.

24 **THE COMMISSIONER:** Thank you.

25 **MR. MASSICOTTE:** Thank you.

1 **THE COMMISSIONER:** Thank you very much, Mr.

2 Massicotte.

3 So back to my question.

4 [ENGLISH]

5 Mr. Mitchell, I presume you have questions.

6 **MR. MITCHELL:** Yes, probably 20 minutes to half an
7 hour, Mr. Commissioner.

8 **THE COMMISSIONER:** Thank you very much.

9 And Mr. Bélanger perhaps?

10 **MR. BÉLANGER:** Yes, Your Lordship, I have
11 approximately half an hour.

12 **THE COMMISSIONER:** And Mr. Fournier?

13 **MR. FOURNIER:** Yes, sir, but I can't imagine that I
14 would be that long.

15 **THE COMMISSIONER:** Okay, less.

16 [TRANSLATION]

17 And who else? Mr. Lussier, I presume, will have a
18 couple of questions. Are there any others?

19 [ENGLISH]

20 Will there be other cross-examiners?

21 Well, which of you gentlemen would like to go first?

22 **MR. MITCHELL:** Mr. Fournier has asked that I precede
23 him, and I am happy to go first.

24 **THE COMMISSIONER:** Thank you, Mr. Mitchell, please go
25 ahead.

1 --- CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. MITCHELL:

2 MR. MITCHELL: Good morning, I have met most of you
3 before or all of you before. Most of my questions will be
4 directed to Mr. Whitla. I will have some questions for Mr.
5 Macdonald.

6 [TRANSLATION]

7 Mr. St-Laurent, it is nothing personal, but I don't think I will
8 have any questions for you, but ---

9 THE COMMISSIONER: He will be most disappointed.

10 MR. MITCHELL: If you have anything to add, please do
11 not hesitate ---

12 MR. ST-LAURENT: I am, indeed, very disappointed.

13 [ENGLISH]

14 MR. MITCHELL: So the first questions will deal with
15 Mr. Macdonald. Mr. Macdonald, would it be fair to say that you
16 didn't have any limitations on the mandate that you were given
17 by the Commission?

18 MR. MACDONALD: That is correct, yes.

19 MR. MITCHELL: So nobody said, "Stop here. Stop at
20 the Canadian borders" or anything like that in terms of whatever
21 you had to search to follow the money?

22 MR. MACDONALD: If we had a reason to look anywhere,
23 we would do that, yes.

24 MR. MITCHELL: Right. And would it be fair to say
25 that no one has accused you of having your subpoenas be

1 described as "under inclusive"?

2 **MR. MACDONALD:** That would be fair. Yes, indeed.

3 **MR. MITCHELL:** In fact, you probably had lots of
4 complaints that they were a little excessive?

5 **MR. MACDONALD:** Well, they were the Commission's
6 subpoenas, they weren't our subpoenas, but certainly no one
7 complained that we were asking for too little, that is correct.

8 **MR. MITCHELL:** Right. And if I look at Tab "B" of
9 your report at Annex "B" with regard to related corporations and
10 family members, there is certainly a lot of information that is
11 asked for there, right?

12 **MR. MACDONALD:** Yes.

13 **MR. MITCHELL:** And from what I understand, generally
14 you had the impression that the witnesses who came collaborated
15 to the extent that was reasonably possible with you?

16 **MR. MACDONALD:** Yes.

17 **MR. MITCHELL:** And you -- in the course of your
18 mandate, you also had access to the records of the Liberal Party
19 of Canada, both its Quebec wing and the national wing, more the
20 Quebec wing I would suggest?

21 **MR. MACDONALD:** That is correct.

22 **MR. MITCHELL:** Yes. So just on the total of the --
23 moving on probably to Mr. Whitla -- the question, the \$801,000
24 from what I understand, this is the total amount of receipted
25 donations from the parties that appeared as witnesses before the

1 Commission; is that right?

2 **MR. WHITLA:** These amounts represent actual payments
3 we see out of the books and records of the companies. If you
4 looked at what PricewaterhouseCoopers did and what Deloitte &
5 Touche did, there is some slight variations, timing-related
6 issues the companies we looked at, et cetera, but there is no
7 significant variations.

8 **MR. MITCHELL:** Right. You were going to say
9 something, Mr. Macdonald?

10 **MR. MACDONALD:** No.

11 **MR. MITCHELL:** No, okay. And just so I understand,
12 these are all official donations that were recorded on the
13 website of Elections Canada or available publicly on Elections
14 Canada as well; right?

15 **MR. WHITLA:** Right. The totals on Elections Canada
16 are usually less because they account for what is considered an
17 official donation as opposed to the full payment to attend a
18 golf tournament, for example.

19 **MR. MITCHELL:** Exactly. And none of these are hidden
20 in any fashion? You didn't discover them in ---

21 **MR. WHITLA:** They came to our attention by reviewing
22 the books and records.

23 **MR. MITCHELL:** Right. But had you gone to Elections
24 Canada, you could have found similar numbers?

25 **MR. WHITLA:** That is correct.

1 **MR. MITCHELL:** Right. And, in fact, what
2 PricewaterhouseCoopers did was review the donations receipts and
3 records from the Liberal Party of Canada; right?

4 **MR. WHITLA:** That is my understanding, yes.

5 **MR. MITCHELL:** Right. And if you -- you probably
6 don't need to take it, but I take it you did look at the PWC
7 report, which is at Exhibit P-395?

8 **MR. WHITLA:** We did and we attempted to reconcile our
9 numbers to their numbers.

10 **MR. MITCHELL:** Right. And is it fair to say that the
11 PWC report did a broader range of companies but a shorter
12 timeframe?

13 **MR. WHITLA:** Yes, there are effectively some timing
14 differences and different companies included; that is correct.

15 **MR. MITCHELL:** Right. And that information was
16 provided to you in September, I believe, of 2004, the PWC
17 report?

18 **MR. WHITLA:** I would have to confirm the exact date,
19 sir.

20 [TRANSLATION]

21 **MR. MITCHELL:** Mr. St-Laurent, you couldn't resist?

22 **MR. ST-LAURENT:** I couldn't resist. Just to clarify,
23 and I can do it in English if you would like.

24 **MR. MITCHELL:** No, no.

25 **MR. ST-LAURENT:** No, to be ---

1 **MR. MITCHELL:** Mr. Macdonald would prefer it, but ---

2 **MR. ST-LAURENT:** Yes, yes, that's right.

3 [ENGLISH]

4 The difference, because there is one between the work
5 that was on Deloitte and Price and what we were able to do, is
6 they had to assume to a large extent who were the related
7 parties, especially at the employee level. We had the benefit
8 of having a lot more detailed information.

9 **MR. MITCHELL:** Right.

10 **MR. ST-LAURENT:** So our numbers include employees that
11 they did not include, and they could not have included based on
12 the work they did.

13 **MR. MITCHELL:** Right. Because they only had access to
14 the Party records. And then, they went to CIDREQ to try and
15 find related parties.

16 **MR. ST-LAURENT:** Right. In a way that was, let's say,
17 a long way ---

18 **MR. MITCHELL:** Yes.

19 **MR. ST-LAURENT:** --- as opposed to the direct way,
20 exactly.

21 **MR. MITCHELL:** Right.

22 And do you recall that the PWC report also disclosed
23 payments of approximately \$6 million by the Liberal Party of
24 Canada to those named parties as well?

25 **MR. WHITLA:** I will get Mr. St-Laurent to respond to

1 that, I think.

2 **MR. MITCHELL:** You can look at it. It is in Exhibit
3 P-395. I don't want to take you by surprise or have you say
4 something that is not accurate.

5 **MR. ST-LAURENT:** Well, I don't remember the number,
6 but if you have an exhibit ---

7 **MR. MITCHELL:** It is P-395. If you look at page 51,
8 you will see payments to Vickers & Benson of just over \$2
9 million and payments to BCP of almost \$4 million in the 1996 to
10 2002 period.

11 **MR. WHITLA:** I see the schedule you are referring to,
12 yes.

13 **MR. MITCHELL:** Right. And now I will agree with you
14 or we will notice that there are different parties involved, but
15 if we just limit it to those, and if we add the \$1.2 million
16 that you testified that the Liberal Party of Canada paid to Mr.
17 Corriveau's firm, we are up to about \$7.2 million from the
18 parties that you would have dealt with, payments by the Liberal
19 Party of Canada or its Quebec wing to those named parties.

20 **THE COMMISSIONER:** Accountants don't like round
21 figures.

22 **(LAUGHTER/RIRES)**

23 **MR. WHITLA:** Precisely. I think it would be slightly
24 less than that, sir, but it would be somewhere in the
25 neighbourhood of \$6.7 million or \$6.8 million.

1 **MR. MITCHELL:** Fine. Fine.

2 The point is that just from those three parties, it is
3 a significant number.

4 Now, you are not making any affirmation, just from
5 what I understand, that these monies were improperly received or
6 inappropriately received, are you? You are simply just
7 recording the number?

8 **MR. WHITLA:** We are just recording what we found in
9 the books and records; that is correct.

10 **MR. MITCHELL:** Right.

11 Now, you could imagine that the other item that caught
12 my attention was pages 118 and 119 of your report.

13 **MR. MACDONALD:** I would think it would, yes.

14 **MR. MITCHELL:** And I just want to spend some time
15 going through this with you. So it would be Schedules 21 and 22
16 that go along with pages 118 and 119. Schedule 21 is at Volume
17 3 of the schedules, Mr. Commissioner, beginning at page 783 and
18 22 begins, I believe, at 789.

19 **MR. WHITLA:** I have them, sir.

20 **MR. MITCHELL:** Okay. So just to get perfectly clear,
21 you are not in any way improving Mr. Brault's evidence about
22 whether the money went to the party or not; right? You are
23 simply saying "This is what Mr. Brault said"?

24 **MR. WHITLA:** We are saying this is what Mr. Brault
25 said and that these payments are in fact recorded in the books

1 and records of Groupaction.

2 MR. MITCHELL: Right.

3 MR. WHITLA: That is all we are saying.

4 MR. MITCHELL: Right.

5 And let's, if we can -- it may be a bit of a laborious
6 exercise, but I will try and do it as quickly as possible --
7 let's go through the numbers at Table 77 at page 119, please.
8 You can keep the schedule open, but I think -- just so I
9 understand, the first item is \$812,000. Those are payments to
10 Mr. Renaud and those are -- as a general rule, do you understand
11 those to be payments according to his contract with Mr. Brault?

12 MR. WHITLA: That is what I understand to be the case,
13 yes.

14 MR. MITCHELL: And you understood that the contract he
15 had with -- Mr. Renaud had with Mr. Brault was to pay him based
16 on the success in obtaining government contracts for Mr. Brault
17 or for Groupaction?

18 MR. WHITLA: I understand different evidence has been
19 placed -- I understand the contracts, yes, that is correct.

20 MR. MITCHELL: And if you look at Exhibit P-297 at the
21 schedules, that is the way you have recorded it, as payments per
22 the contract, right?

23 MR. WHITLA: We have recorded it that way. Are you
24 talking about Schedule 21, sir, or are you talking about
25 exhibits?

1 MR. MITCHELL: No, I am talking about Exhibit P-297.

2 MR. WHITLA: If you don't mind, I would just like to
3 refer to that so that I can give you correct information.

4 MR. MITCHELL: Sure, please.

5 MR. WHITLA: Could you give me a page number, sir?

6 MR. MITCHELL: Page 3.

7 MR. WHITLA: Page 3. Thank you.

8 (SHORT PAUSE/COURTE PAUSE)

9 MR. MITCHELL: Just so we are clear, the items listed
10 are either expenses or "fees according to agreement" which is
11 your understanding is professional fees related to the contract
12 that they had; right?

13 MR. WHITLA: That is what I understand, yes.

14 MR. MITCHELL: And you have -- you are not able to
15 affirm that these monies in any way benefited the Liberal Party
16 of Canada?

17 MR. WHITLA: We are not. If I could, I would provide
18 a piece of clarification on that. We attempted to perform that
19 exercise. We sought out the banking records of Mr. Renaud from
20 the bankruptcy trustee and were unable to obtain them.

21 MR. MITCHELL: Right.

22 MR. WHITLA: If we would have, we would have been able
23 to determine what exactly happened to these funds.

24 THE COMMISSIONER: But I think in fairness, Mr.
25 Mitchell, there is one element in that figure where there seems

1 to be agreement by all parties, and that is the \$63,500 figure.

2 **MR. MITCHELL:** That is at page 4, Mr. Commissioner, of
3 Exhibit 297. I agree 100 per cent.

4 **THE COMMISSIONER:** Okay. Thank you.

5 **MR. MITCHELL:** That amount goes through and ---

6 **THE COMMISSIONER:** That amount was, I think, pretty
7 clearly a contribution to the Liberal Party.

8 **MR. MITCHELL:** No question.

9 **THE COMMISSIONER:** It was funneled through Mr.
10 Renaud's company.

11 **MR. MITCHELL:** No question.

12 I just -- if we isolate those amounts, you will agree
13 with me, Mr. Whitla, that you have no evidence or no ability to
14 conclude that any of these amounts in fact went to the Liberal
15 Party, apart from the \$63,500 on February 2nd, 1998?

16 **MR. WHITLA:** Because we did not have the banking
17 records, we could not do that analysis.

18 **MR. MITCHELL:** Yes, but you did have access to the
19 Liberal Party of Canada records. So you could have seen if
20 there were matching entries at the period?

21 **MR. WHITLA:** That is correct.

22 **MR. MITCHELL:** Okay.

23 **MR. WHITLA:** Within the books and records of the
24 Liberal Party.

25 **MR. MITCHELL:** Right.

1 So of the million dollars that Mr. Brault attributes
2 to -- or you have attributed to possibly being a benefit of the
3 Liberal Party of Canada, would you agree with me that probably
4 the vast majority of that amount is for lobbying services and
5 that it is for the benefit of Mr. Renaud or that is what he was
6 hired for?

7 **MR. WHITLA:** Without me being able to see what Mr.
8 Renaud did with this money, it would be hard for me to say that
9 it was for his personal benefit or not. I can't be sure of what
10 he did with this money. I don't know where it went once he
11 received it.

12 **MR. MITCHELL:** Fair enough.

13 **THE COMMISSIONER:** And Mr. Renaud's banking records
14 were not made available to us for the reasons that you may
15 recall.

16 **MR. MITCHELL:** I do recall, although he apparently was
17 able to find a handwritten note from Mr. Béliveau, but ---

18 **THE COMMISSIONER:** Yes.

19 **MR. MITCHELL:** And I understand the same comments
20 would relate to item number 3 on the list at Table 77?

21 **MR. WHITLA:** I guess what I can say is that the
22 payments were identified as being related to lobbying services.
23 Beyond that, I can't state whether they were or were not in fact
24 for those services.

25 **MR. MITCHELL:** Right.

1 And to be fair to you, there is an amount of \$26,000
2 of expenses reimbursed to Mr. Renaud which you also included in
3 that number; is that not right?

4 **MR. WHITLA:** That is correct.

5 **MR. MITCHELL:** And if you look -- and my understanding
6 of the rationale for including that entire \$26,000 was that the
7 schedules, the list of expense reports beginning at page 20 of
8 Exhibit P-297 shows some lunches with some officials of the
9 Liberal Party of Canada; right? That is what your schedule
10 reveals.

11 **MR. WHITLA:** Yes, that is correct.

12 **MR. MITCHELL:** And I just want to be clear with you
13 that what we understand about these documents at pages 20
14 through 24, these are the expense receipts that you are talking
15 about, for the \$26,000 I presume? I haven't actually totaled
16 them up.

17 **MR. WHITLA:** I think that these were included as
18 examples of the types of expense reports that Mr. Renaud was
19 providing.

20 **MR. MITCHELL:** Right.

21 And you understood that Mr. Renaud's evidence was that
22 he couldn't testify to the veracity of these because he didn't
23 prepare these documents. These were not in his handwriting;
24 right?

25 **MR. WHITLA:** I am not familiar with the testimony in

1 that regard. Sorry.

2 **MR. MITCHELL:** Okay. That is fine.

3 But you will agree with me that even if we assume that
4 the documents are accurate, that there are other parties,
5 representatives, agencies that there are expenses shown on these
6 statements; right?

7 **MR. WHITLA:** Again, there are other parties on these
8 statements; that is correct.

9 **MR. MITCHELL:** For example, we see APORS; we see the
10 PLQ; we see the Parti Québécois.

11 **MR. WHITLA:** That is correct.

12 **MR. MITCHELL:** So it would be difficult, even if you
13 wanted to be the fairest possible, to attribute all of the
14 \$26,000 to the Liberal Party in any event; right?

15 **MR. WHITLA:** Based on these expense reports, that is
16 correct.

17 **MR. MITCHELL:** Right. And ---

18 **MR. WHITLA:** Sorry, if Mr. Renaud did not in fact
19 prepare these documents, I guess the accuracy on the identified
20 clients could be in question as well.

21 **MR. MITCHELL:** Yes. I mean, I can refer the
22 Commission to the transcript.

23 **THE COMMISSIONER:** Well, I remember in a general way
24 that Mr. Renaud said that he never prepared expense account
25 claims. This became a bone of contention between him and Mr.

1 Brault, but that he used to tell Mr. Brault's secretary, or
2 somebody in the office, what his expenses are and I think these
3 expense account claims were prepared by somebody in the office
4 at Groupaction, based upon what that person probably was told by
5 Mr. Renaud. But the proof is very unsatisfactory on that
6 subject and ---

7 MR. MITCHELL: Right.

8 THE COMMISSIONER: --- all I can do is agree with you
9 that Groupaction agreed to pay Mr. --- or reimburse Mr. Renaud
10 for expenses allegedly incurred by him, incurred with all sorts
11 of people, not just the Liberal Party.

12 MR. MITCHELL: Right.

13 THE COMMISSIONER: Okay?

14 MR. MITCHELL: Yes.

15 THE COMMISSIONER: So I think you have made that
16 point.

17 MR. MITCHELL: Thank you.

18 The other point I wanted to make is you are aware that
19 Mr. Brault said he -- while, as far as he was concerned, Mr.
20 Renaud was virtually full-time at the Liberal Party of Canada
21 Headquarters, you are aware that Mr. Brault testified he had no
22 method of verifying that?

23 MR. WHITLA: Again, I am not familiar with that piece
24 of testimony, sir.

25 MR. MITCHELL: Okay. Are you aware that Mr. Renaud

1 testified that 90 per cent of his time was spent lobbying and
2 dealing with officials in Ottawa and 10 per cent of his time
3 would have been at the Party?

4 **MR. WHITLA:** I don't know about the percentages
5 exactly, but I know that that was the substance of his
6 testimony.

7 **MR. MITCHELL:** Right.

8 And just -- it is Volume 95, page 16945, Mr.
9 Commissioner.

10 I am going to run through a series of people here and
11 maybe you don't know the answer. Do you know that Mr. Gosselin
12 said he saw -- Mr. Serge Gosselin said that he saw Mr. Renaud
13 approximately two to three times a year?

14 **MR. WHITLA:** I am not familiar with that, no.

15 **MR. MITCHELL:** Okay. And that Mr. Béliveau testified
16 that sometimes you would see Mr. Renaud almost every week and
17 other times you wouldn't see him?

18 **MR. YAROSKY:** Mr. Commissioner, I hesitate to
19 interfere with Mr. Mitchell's cross-examination, but I wonder
20 whether these questions are really appropriate.

21 **THE COMMISSIONER:** I don't think they are very useful,
22 to be very honest.

23 **MR. MITCHELL:** Well ---

24 **THE COMMISSIONER:** I don't think you can ask these
25 witnesses to get involved in factual testimony where they have

1 absolutely no knowledge of what Mr. Renaud did.

2 You will in due course, I presume, submit arguments to
3 me concerning Mr. Renaud's activities on behalf of Groupaction
4 or not on behalf of Groupaction.

5 **MR. MITCHELL:** Right.

6 **THE COMMISSIONER:** But I don't think the witnesses
7 have done anything other than to compile information --
8 financial information from the books and records that they
9 examined. I don't think they are able to assess Mr. Renaud's
10 credibility, for example, or the credibility of other witnesses
11 who talked about ---

12 **MR. MITCHELL:** No, what I am trying to understand is,
13 I must say, speaking for myself, I have some difficulty with
14 including a million dollars, even as simply a figure as being in
15 any way related as a benefit for the Liberal Party of Canada
16 when it relates to Mr. Renaud. So I am just trying to
17 understand what evidence they relied on.

18 **THE COMMISSIONER:** I think that these witnesses have
19 been very careful to say that they cannot express an opinion
20 about the use of these monies. All they can do is say that
21 there was monies that went from Groupaction into the possession
22 of Mr. Renaud and these are the amounts. Now, what Mr. Renaud
23 used those monies for, I don't think they are able to say except
24 for \$63,500, and whether that money eventually found its way to
25 the Liberal Party of Canada, I will have to tell you that I

1 don't have enough evidence to be able to come to that
2 conclusion. But the amount went to Mr. Renaud and perhaps when
3 we come to argue this matter, there will be suggestions made
4 about what he might have done with that money and I don't know
5 what conclusions I am going to come to, but they will have to be
6 my conclusions. These witnesses can't make those conclusions.

7 **MR. MITCHELL:** I agree with you and I appreciate that,
8 Mr. Commissioner. I just want to understand what evidence they
9 had canvassed to include this number in a table of
10 "Contributions to the Liberal Party" that ---

11 **MR. COURNOYER:** Sir, if I may point out to my
12 colleague, it is quite clear on the table itself at page 119.
13 "Payments suggested by Brault to be for the benefit of the
14 Liberal Party" and the testimony so far is the witness -- the
15 witnesses in the panel have said "Well, we took that from his
16 testimony and we went to find whether or not there were any
17 actual traces in the accounting," period.

18 The issue of whether or not, as suggested by Mr.
19 Brault, they were for the benefit of the Liberal Party is of no
20 concern to the panel, is your sole concern and is the issue that
21 you will have to evaluate on the basis of the totality of the
22 evidence and submissions by all parties.

23 **THE COMMISSIONER:** And I can -- let me give you some
24 comfort here, okay. I have no basis for concluding that the
25 full \$1,783,000 ever found its way to the Liberal Party. I have

1 a basis for thinking that some of these amounts surely did and I
2 have a basis for thinking that some other amounts may have, and
3 I have some other amounts. Right now I have to tell you that on
4 quite a lot of the evidence, I am not able to come to any
5 conclusion whatsoever.

6 But that is all a question, it seems to me, that we
7 will have to address in argument. I think that the accountants
8 have simply given us the raw data without expressing an opinion.
9 They have said "This is what Mr. Brault said. This is the
10 amount of money that went out of Groupaction into the possession
11 of all of these other people". Whether it was for the benefit of
12 the Liberal Party or paid to the Liberal Party, or at the
13 request for the Liberal Party or whatever, that is going to
14 depend upon the other evidence that they have not tried to
15 evaluate.

16 **MR. MITCHELL:** Okay. Fair enough.

17 **THE COMMISSIONER:** Okay?

18 **MR. MITCHELL:** I am somewhat comforted by that, Mr.
19 Commissioner.

20 **THE COMMISSIONER:** Well, I hope so because I can
21 understand your concern. The figure that is given there is a
22 very large figure, and I read the newspapers too, and it is too
23 easy, it seems to me, to come to the conclusion that these are
24 amounts that might have found their way into the Liberal Party.

25 I would say that much of this money clearly didn't

1 find its way to the Liberal Party, but it was amounts that were
2 dispersed by Groupaction with a political motivation.

3 MR. MITCHELL: In Mr. Brault's mind, yes.

4 THE COMMISSIONER: According to Mr. Brault.

5 MR. MITCHELL: Right.

6 THE COMMISSIONER: With a political motivation.

7 MR. MITCHELL: Right.

8 THE COMMISSIONER: Whatever happened to it later is a
9 matter that we will have to think about.

10 MR. MITCHELL: Okay. I appreciate that.

11 MR. YAROSKY: Mr. Commissioner, just to put my one
12 cent into this, it is also based -- Mr. Brault didn't just
13 imagine -- it was based on representations that were made to him
14 by other people.

15 THE COMMISSIONER: According to Mr. Brault.

16 MR. YAROSKY: According to Mr. Brault, and obviously
17 we will canvass all this in argument and this isn't the time. I
18 just -- my point is in relation to the questions that are being
19 put to the panel, that's all.

20 THE COMMISSIONER: Thank you.

21 MR. MITCHELL: I think we have collectively managed to
22 move ahead.

23 THE COMMISSIONER: Okay.

24 MR. MITCHELL: So I do want to deal with the second
25 item, however, which is the other -- another very significant

1 item, and this is an amount from Pluri Design and, just so we
2 understand, you are aware that Mr. Brault said he had no idea
3 that the money actually went to the Liberal Party, the payments,
4 the \$430,370?

5 **MR. WHITLA:** Again, I haven't heard every piece of Mr.
6 Brault's testimony.

7 **MR. MITCHELL:** Okay.

8 **MR. WHITLA:** So I am not in a position to comment on
9 that.

10 **MR. MITCHELL:** Okay. And you don't know what Mr.
11 Corriveau had to say about that either?

12 **MR. WHITLA:** That is correct.

13 **MR. MITCHELL:** Okay. But ---

14 **MR. COURNOYER:** Mr. Commissioner, if I may, my
15 colleague is exactly doing the one thing that I don't think he
16 should be doing. He shouldn't ask whether the panel read the
17 testimony and evaluated the testimony. He should ask them what
18 they recorded, what they found but I mean, being aware or not
19 aware, they are not there as triers of fact to weigh whatever
20 testimony has been presented, and I don't think it is
21 appropriate to go through each and every testimony on each and
22 every issue to say, "Well, are you aware that with respect to
23 that \$15,000, "X" said this or "Y" said that".

24 **MR. MITCHELL:** My only -- I was just trying to make
25 sure that -- I was just trying to exclude and I think Mr. Whitla

1 has said, "No, I did not look at what Mr. Brault said about this
2 payment, nor did I look at what Mr. Corriveau" and that is fine.

3 I simply -- so what you did is you looked at the
4 funds. You followed the money as it were?

5 **MR. WHITLA:** Exactly. Just as we represented
6 yesterday, we merely looked at the books and records and noted
7 based on comments by Mr. Brault that these, in fact, payments
8 were in the books and records of Groupaction.

9 **MR. MITCHELL:** Right. And what you did not find in
10 the books and records of Pluri Design is \$430,000 going to the
11 Liberal Party of Canada?

12 **MR. WHITLA:** That is correct.

13 **MR. MITCHELL:** Right. I would like to deal with item
14 number 6, please. I believe you will agree with me that that is
15 an error; that should be the Liberal Party of Quebec; that
16 should be taken out?

17 **MR. WHITLA:** That is correct.

18 **MR. MITCHELL:** Thank you. Page 119.

19 **THE COMMISSIONER:** That is the \$50,000 that is, let us
20 say, the subject of contradictory testimony but nobody suggests
21 that it was destined for the Liberal Party of Canada. The only
22 suggestion that it had a political objective was the testimony
23 of Mr. Brault saying that it was destined for the Liberal Party
24 of Quebec. That is right.

25 **MR. MITCHELL:** Right. Moving down then to item number

1 11, these were, you will recall, three invoices in three
2 successive years to the Club de Golf de Verchères.

3 **MR. WHITLA:** That is correct.

4 **MR. MITCHELL:** And I just want to confirm that you did
5 see evidence from the Liberal Party of Canada showing that the
6 Liberal Party of Canada had paid for golf tournaments at the
7 Club de Golf de Verchères in those years; right?

8 **MR. WHITLA:** That is my understanding, yes.

9 **MR. MITCHELL:** Thank you.

10 And simply Georges Farrah, I believe if we check -- I
11 believe that one should be removed as well. If we look at
12 Volume 92, page 16334, we will see that Monsieur Brault
13 testified that that amount had nothing to do with a benefit to
14 the Liberal Party of Canada. It was for -- to try and get Mr. -
15 - Monsieur Farrah was not an MP at the time, and it was to try
16 to get to do something with the summit that was taking place in
17 Quebec City, Mr. Commissioner.

18 **THE COMMISSIONER:** That is right.

19 **MR. WHITLA:** Mr. Mitchell, I would just like to point
20 out. I mean, I do agree with you that there is an error in the
21 titling on the one section of our report, and it was meant to be
22 titled similar to what the schedule is at 21, which was payments
23 reportedly for political purposes for political parties, not
24 exclusively the Liberal Party of Canada.

25 **THE COMMISSIONER:** Yes. It is not for the benefit of

1 the Liberal Party of Canada. It is for the benefit of
2 Groupaction's political objectives if you like.

3 The payment to Mr. Farrah wasn't destined for the
4 Liberal Party of Canada.

5 **MR. MITCHELL:** Right. It was a payment for services -
6 --

7 **THE COMMISSIONER:** According to Mr. Brault, ---

8 **MR. MITCHELL:** Yes.

9 **THE COMMISSIONER:** --- a payment for services.

10 **MR. MITCHELL:** And simply, "Au Printemps Gourmet", I
11 believe if we look at it, it is not a huge amount but if you
12 look at Volume 93, page 16403, you will agree that Mr. Brault
13 recognized that the swivel spice racks were for him and not for
14 the party.

15 **MR. WHITLA:** Sorry, I can't comment on that one, sir.

16 **MR. MITCHELL:** Okay. Now, just to move on to the cash
17 -- the \$406,000 in cash, once again I just want to make clear
18 and if we look at -- perhaps we can look at Schedule 22.

19 **MR. WHITLA:** Certainly.

20 **THE COMMISSIONER:** Which is -- tell me where it is,
21 please?

22 **MR. MITCHELL:** Page 789, Mr. Commissioner.

23 I understand your rationale for including the first
24 two as possible payments of cash because you said that -- well,
25 the first cheques are made to "Cash" and the second one you said

1 Mr. Lévesque -- Mr. Brault testified that Mr. Lévesque --
2 sometimes he paid Monsieur Lévesque to make cash transactions.

3 **MR. WHITLA:** That is correct.

4 **MR. MITCHELL:** What I didn't quite understand was the
5 inclusion of Jean Brault and Madame Archambault as -- how did
6 you choose these cheques?

7 **MR. WHITLA:** We just sought to look for large round
8 dollar amounts that didn't appear to be representative of
9 payroll type transactions.

10 **MR. MITCHELL:** Okay, but Mr. Brault, as the owner of
11 the company, could easily make a cheque to himself and one
12 shouldn't necessarily assume that he turned it into cash for
13 some improper purpose.

14 **MR. WHITLA:** Mr. Mitchell, I think if you go back to
15 my testimony yesterday, you will note that I made it very clear
16 when we were discussing the flow of funds to Groupaction that I
17 noted beyond the salary number that we have reported there as
18 coming through the books and records, the "Cash" could also have
19 represented payments to Mr. Brault in the form of salary that he
20 used personally.

21 **MR. MITCHELL:** Right, and the same with Madame
22 Archambault who is his wife or dividends or some form of
23 payment.

24 **MR. WHITLA:** That is correct.

25 **MR. MITCHELL:** Right. So you are not -- you are

1 simply identifying some transactions that could have been
2 possibly turned into cash and, as you said yesterday quite
3 properly, you have no idea that (a) it was turned into cash, and
4 (b) where it went?

5 **MR. WHITLA:** That is correct.

6 **MR. MITCHELL:** And I just -- I reviewed the numbers
7 quickly. Is it fair to say that I do not see a cheque during
8 the period of September or October of 2000 in either an amount
9 of \$35,000 or an amount of \$15,000 that would have been
10 allegedly turned into cash?

11 You will recall, Mr. Commissioner, that Mr. Corbeil
12 testified that that is the period that he went to get cash and
13 there are no cheques for the \$35,000 or \$15,000 during that
14 period.

15 **THE COMMISSIONER:** That is even more alarming but ---

16 **MR. MITCHELL:** Or ---

17 **THE COMMISSIONER:** But I think your point is made.

18 **MR. MITCHELL:** Thank you.

19 **THE COMMISSIONER:** Yes. There may have been another
20 method or whatever.

21 **MR. MITCHELL:** Or Mr. Corbeil may not be telling the
22 truth.

23 **THE COMMISSIONER:** That is possible too.

24 **MR. MITCHELL:** And I do note, Mr. Commissioner, that
25 the \$15,000 cheque to Monsieur Michaud and \$35,000 cheque to Mr.

1 Brault in 1997 are on that list.

2 **THE COMMISSIONER:** Yes.

3 **MR. MITCHELL:** So those are my questions. Mr.

4 Cournoyer graciously speeded things up for me, Mr. Commissioner.

5 **THE COMMISSIONER:** Well, we all tried to help.

6 **MR. MITCHELL:** Thank you.

7 **THE COMMISSIONER:** So I think we will take our break
8 now; 15 minutes, please.

9 --- Upon recessing at 10:54 a.m./

10 L'audience est suspendue à 10h54

11 --- Upon resuming at 11:13 a.m./

12 L'audience est reprise à 11h13

13 **THE COMMISSIONER:** Thank you. Please, be seated.

14 [TRANSLATION]

15 Hello, Mr. Bélanger.

16 [ENGLISH]

17 **MR. BÉLANGER:** Mr. Commissioner.

18 **ROBERT MACDONALD, Resumed/Sous le même serment:**

19 **PIERRE ST-LAURENT, Resumed/Sous le même serment:**

20 **STEVEN WHITLA, Resumed/Sous le même serment:**

21 --- **CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. BÉLANGER:**

22 **MR. BÉLANGER:** Mr. Macdonald, Mr. Whitla, Mr. St-
23 Laurent.

24 To the extent you don't already know, I represent
25 Groupe Polygone/Expour and Mr. Luc Lemay and my questions will

1 primarily be dealing with your evidence or those parts of your
2 report as regards Groupe Polygone. A few preliminary questions.

3

4 Do I understand correctly that the panel -- and
5 obviously I haven't -- I will not direct my questions to anybody
6 in particular. I will let you decide who should answer to the
7 best of his ability.

8 Am I correct in assuming that the panel does not
9 propose to give any expert opinion on the visibility that was
10 given to the Government of Canada and the value of such
11 visibility; that was not -- it is not within the confines of
12 your expertise; am I correct?

13 **MR. MACDONALD:** That is correct.

14 **MR. BÉLANGER:** Am I also correct to say that you do
15 not present yourselves as experts in sponsorships, publicity or
16 anything having to do with those two specific fields; is that
17 correct as well?

18 **MR. MACDONALD:** Yes.

19 **MR. BÉLANGER:** At your report, at page 108, under
20 section 10.5.5, I refer to the last bullet in that page and I
21 quote:

22 "The radio messages provided free advertising or
23 visibility for the narrators of the messages and
24 their business vehicles."

25 Have you actually done an inventory of the radio

1 capsules?

2 **MR. WHITLA:** We were provided with those by your
3 client I believe, sir, and I think up to 20 of them, I believe
4 is the number.

5 **MR. BÉLANGER:** A sample you mean?

6 **MR. WHITLA:** Well, what we were provided by your
7 client is represented in the "Radio Capsules".

8 **MR. BÉLANGER:** I understand.

9 Have you identified, through the work that you have
10 done, your analysis, who the narrators were?

11 **MR. WHITLA:** I would have to speak to the person on
12 our team that examined those to identify the narrators. I am
13 sorry. I am not familiar with the names.

14 **MR. BÉLANGER:** But the reason I suggest this is that
15 if I were to tell you that some of the narrators were people,
16 professionals for presentations of TV or radio commercials or
17 other matters presented on TV or radio who have no business
18 vehicles of their own --

19 [TRANSLATION]

20 to take the expression used in the French, television and radio
21 "animateurs".

22 [ENGLISH]

23 In circumstances like that, would you agree with me
24 that in that case, these radio messages would not have provided
25 free advertising or visibility for this kind of narrator?

1 **MR. WHITLA:** That is not the type of narrator we are
2 suggesting by this comment, sir. We are suggesting, as we give
3 an example of the low, is the nature of the type we are talking
4 about.

5 **MR. BÉLANGER:** So this type of narrator who would have
6 a business vehicle, as far as you are concerned, is limited to
7 the example you are giving in your report, or do you know of any
8 others from your analysis?

9 **MR. WHITLA:** I would have to go back and review each
10 one of the radio capsules, sir, to give you a clear answer on
11 that.

12 **MR. BÉLANGER:** So at this point you can't tell us
13 whether there are any other narrators who had business vehicles
14 who could benefit from free advertising or visibility as quoted
15 in your report?

16 **MR. WHITLA:** If you gave me one minute to speak to the
17 person who has reviewed these, I would be happy to give you the
18 answer.

19 **MR. BÉLANGER:** Is that a person on the panel?

20 **MR. WHITLA:** They are just sitting right in front of
21 me.

22 **MR. BÉLANGER:** It depends on the Commissioner.

23 **THE COMMISSIONER:** No, I think that since they are
24 testifying as experts, they are entitled to rely on the
25 information they received from the people that work for them.

1 **MR. WHITLA:** I mean we have selected a sample. I
2 mean, if you did the math, I think we are talking 400 or more
3 radio capsules we received.

4 **MR. BÉLANGER:** I understand.

5 **MR. WHITLA:** So exactly.

6 **MR. BÉLANGER:** Let me point out for you, using your
7 example at Annex "H", Section 2, "Economic Radio Capsules -
8 October 9, 2001". It starts with:

9 "Good day. Christine Lamer here with today's
10 economic capsule."

11 Do you know who Christine Lamer is?

12 **MR. WHITLA:** I personally don't, sir, sorry.

13 **MR. BÉLANGER:** So if I were to tell you that Christine
14 Lamer is an announcer and actress, would that be somebody who
15 would have a, quoting your report, "a business vehicle that
16 would benefit from free advertising or visibility" in her case?

17 **MR. WHITLA:** I would suggest any time a person who
18 sells a public persona is given space to get that persona in the
19 public. It would be publicity, in my mind.

20 **MR. BÉLANGER:** So it would be publicity for the
21 "animateur" who is doing the radio spot, so to speak?

22 **MR. WHITLA:** Sorry?

23 **MR. BÉLANGER:** Sorry. I can't think what the English
24 equivalent for "animateur" is in this context.

25 **THE COMMISSIONER:** The reason that you are having

1 trouble translating it is because it can't be well translated.

2 **MR. BÉLANGER:** That's right. So obviously I am not
3 alone in that predicament.

4 **MR. WHITLA:** If you would like to ask me a question in
5 French, I am happy to listen to the translation that comes
6 through and answer you.

7 **THE COMMISSIONER:** Maybe the translators will tell us
8 how we translate "animateur". Narrator?

9 **MR. BÉLANGER:** The narrator.

10 Let me try to rephrase to make it easier. Is it your
11 proposition that whomever are the, for lack of a better word,
12 the presenter of these messages, whoever they are, they would
13 always, and I quote, "benefit from free advertising or
14 visibility for their business vehicles", which are the words you
15 have used in page 108? Is that your position?

16 **MR. WHITLA:** Our position is that an individual who
17 states their name and then states a publication or states
18 anything would be given free publicity by doing these capsules.

19 **THE COMMISSIONER:** And would it be a fair comment, Mr.
20 Whitla, to say that if they didn't think that there was some
21 value attached to stating their name, they wouldn't state their
22 name? I mean, it is not necessary; it is not essential in a
23 capsule for the person who is delivering the message to identify
24 himself or herself, and the fact that they do so indicates that
25 they think that adds some value or maybe improves their image by

1 so doing.

2 **MR. WHITLA:** I ---

3 **THE COMMISSIONER:** But I am not an expert in
4 advertising.

5 **MR. WHITLA:** I certainly am not. I just note that the
6 names were presented and the publication they were with or
7 whatever, and then a comment concluding on the Government of
8 Canada.

9 **MR. BÉLANGIER:** The only other example I would bring to
10 your attention, since you referred to Annex "H" of your report,
11 is item number 3 which starts with "Roger Bourassa here on agri-
12 food".

13 If Roger Bourassa was a professional narrator or
14 professional presenter of either TV or radio, would your answer
15 be the same as for Christine Lamer? The distinction is in both
16 cases they don't mention a magazine or any business venture for
17 whom they work or allegedly work.

18 **MR. WHITLA:** I would suggest that their business
19 vehicle would be themselves.

20 **MR. BÉLANGIER:** I see.

21 Have you -- and perhaps this is indicated at this time
22 to determine the extent to which your analysis went in drafting
23 your report.

24 Have you actually reviewed all the testimonies before
25 the Commission for the purpose of or in view of drafting your

1 report?

2 **MR. WHITLA:** We made a conscious effort in preparing
3 this report too, because we could not be comfortable that we
4 heard every piece of evidence that was put before the
5 Commission, so we tried to avoid, where possible, any reference
6 to testimony because we didn't know if another piece of
7 testimony contradictory to that had been provided. So our
8 comments are based on the documentation we were able to review.

9 **MR. BÉLANGER:** So I can understand you stayed away
10 from any comments on the oral evidence, as you just said.

11 But my question was one step earlier. Did you
12 actually look at the oral evidence while drafting your report or
13 you stayed away from actually even looking at it?

14 **MR. WHITLA:** We considered certain pieces of oral
15 evidence in drafting our report and then came to realize that
16 that was not an appropriate way to present our evidence and
17 decided to exclude it again because we could not be comfortable
18 we heard all pieces that were relevant.

19 **MR. BÉLANGER:** So what you are saying, in reality, is
20 that you did not look at all the oral evidence. You looked at
21 parts of it, and in the end you chose not to take it into
22 account or to quote it in your report?

23 **MR. WHITLA:** We were -- we had initially ---

24 **MR. MACDONALD:** I would just add a comment that we
25 primarily relied on the documentary evidence. We did not review

1 -- you know, specifically review any of the oral evidence.
2 There has been a lot of it, and we are aware of some of it, and
3 we assisted in early stages in interviewing witnesses and so
4 forth. So we know some of the information that some of the
5 people were going to say, and it just became too difficult to
6 try to do all of that. So we have relied on the documentary
7 evidence that is exhibits before the Commission for the
8 information that is in our report.

9 **MR. BÉLANGER:** So it would be a fair statement,
10 therefore, to conclude that because of the limitations you just
11 mentioned, your report has, for all intents and purposes,
12 excluded reference or reliance upon the oral evidence?

13 **MR. MACDONALD:** That is correct.

14 **MR. BÉLANGER:** So you would not be aware of the fact
15 that Mr. Lemay testified regarding the radio capsule that the
16 identity of the presenter would add credibility to the message
17 and therefore enhance the visibility given in that message,
18 among others, to the Government of Canada? You were not aware
19 of that testimony or were you?

20 **MR. WHITLA:** I was not specifically aware of that
21 specific testimony.

22 **MR. BÉLANGER:** Thank you.

23 I will now go to the issue -- I have nine topics,
24 Commissioner. For you to be able to follow, I am at topic
25 number 4 currently.

1 **THE COMMISSIONER:** Four?

2 **MR. BÉLANGER:** Yes.

3 Topic number 4 are the costs involved to give the
4 visibility required for some of the events, and my question is
5 pretty generic to start with, and I have at least one example I
6 can refer you to, if necessary.

7 But have you made an analysis of all the costs that
8 went into giving the visibility that was required for the
9 various events?

10 **MR. WHITLA:** In the information supplied by your
11 client, it was possible in certain instances to link cost with
12 the specific revenue and the specific contract. In a lot of
13 majority of other cases, that was not in fact possible.

14 **MR. BÉLANGER:** So therefore, it would be a fair
15 statement to say that your analysis of the costs has not been
16 exhaustive?

17 **MR. WHITLA:** Where we, within the books and records,
18 could identify specific costs associated with a specific
19 activity, we have attempted to link them. In other cases, it is
20 correct. We may not have been able to find all costs.

21 **MR. BÉLANGER:** Let me give you an example at page 109
22 just to make it easier for you. That would be in section 10.5.6
23 and that would be the fourth bullet under "Salon National du
24 Grand Air du Québec" where you have identified costs for
25 replacement visibility in the amount of \$5,250.

1 Are you there now?

2 **MR. WHITLA:** I am there, yes.

3 **MR. BÉLANGER:** Okay. Therefore, should I conclude
4 from your previous answer that the cost involved for the
5 publicity campaign for these events is not something that you
6 have calculated or analyzed?

7 **MR. WHITLA:** In this case, we based this number on a
8 letter from Mr. Brault with regard to this event where it
9 identified how the replacement had taken place. We could not
10 specifically identify promotional activities that were
11 identified as relating to these events.

12 **MR. BÉLANGER:** So there could be some but -- or there
13 may have been some, but you would not be able to quantify them?

14 **MR. WHITLA:** That is correct.

15 **MR. BÉLANGER:** And your answer would be the same when
16 we look at the costs for certain events at page 110 and 111 of
17 your report? That would be the same answer; that you have
18 identified certain costs that you could specifically allocate to
19 an event but other costs, such as publicity campaign that -- for
20 which you didn't necessarily have the information to allocate it
21 to different events, you did not do that work?

22 **MR. WHITLA:** That is correct.

23 **MR. BÉLANGER:** Thank you.

24 Dealing with my following topic, which is the topic of
25 the events that were cancelled, I believe that in your report

1 you have identified two of them. I don't necessarily need to
2 refer specifically to that part of your report but did your
3 mandate focus on what we have referred to as the "replacement
4 events"? As you may remember, Mr. Guité -- I believe you did
5 refer to that in your report -- had directed the visibility for
6 cancelled events to be provided elsewhere. Do you remember
7 that?

8 **MR. WHITLA:** I do, yes.

9 **MR. BÉLANGER:** And did you focus in your report, in
10 the analysis of what would have been the replacement events and
11 whether -- and what kind of visibility and value for that
12 visibility would have been given in those replacement events?

13 **MR. WHITLA:** Again, where it was possible to link
14 replacement events to cancelled events, we have done that in our
15 report. Where we could not make that link, we have not
16 mentioned it.

17 **MR. BÉLANGER:** And I believe that would be based
18 strictly on documentation.

19 **MR. WHITLA:** That is correct.

20 **MR. BÉLANGER:** So to the extent that, for example, Mr.
21 Lemay has clearly identified a replacement event in his
22 testimony, but it is not in the documentations that were
23 produced as exhibits, you would not cover that in your report.

24 **MR. WHITLA:** That is correct.

25 **(SHORT PAUSE/COURTE PAUSE)**

1 **MR. BÉLANGER:** Let me refer to Appendix "F", page 4,
2 the third paragraph from the top. We speak of the two events
3 that were cancelled wherefore funds had been received ahead of
4 time but no refund was provided.

5 In the last sentence, which I quote,
6 "Instead, Expour provided visibility in smaller
7 regional shows and salons..."
8 I assume when you say "in at least one of the two cancelled
9 events", should that read "for at least one of the two cancelled
10 events"?

11 **MR. WHITLA:** Yes, "for", that is correct.

12 **MR. BÉLANGER:** Okay. So it:
13 "...provided visibility in smaller regional shows
14 and salons...[for] at least one of the two
15 cancelled events."

16 So that does not exclude that a replacement of
17 visibility might have been provided for the other cancelled
18 event, but you would not have noted that for the reasons
19 mentioned before?

20 **MR. WHITLA:** Exactly, sir, and, again, this appendix
21 is related on what we were able to locate within the Government
22 of Canada records.

23 **MR. BÉLANGER:** I understand. I will go to my next
24 topic, page 147, and I will refer to Table 94. The last two
25 items, the Salon National du Grand Air, in fact both of them are

1 le Salon National du Grand Air, what I am trying to understand,
2 and this is primarily if not exclusively a matter of
3 clarification, are the figures, more particularly the ones found
4 on the "Finder's Fee". For le Salon National du Grand Air --
5 the first one mentioned, we have \$111,000 under Finder's Fee and
6 right below that, for another Salon National du Grand Air, we
7 have \$142,500 in finder's fee, and I would like to understand
8 what are those finder's fee. Who would have paid what to whom
9 with regards to these specific figures?

10 **MR. WHITLA:** Sir, I happily refer this to Mr. St-
11 Laurent who was responsible for this section of the report.

12 **MR. BÉLANGER:** So he will get to have his word anyway,
13 after all.

14 [TRANSLATION]

15 (LAUGHTER/RIRES)

16 **MR. BÉLANGER:** And Mr. St-Laurent, to guide you ---

17 **MR. ST-LAURENT:** Yes.

18 **MR. BÉLANGER:** --- I am going to tell you what - I
19 tried to do the exercise myself and I referred to Exhibit C-302.
20 In Exhibit C-302, if you look at Table 94 on page 147 of the
21 report, we see - and I will take item, the first of the two
22 Salon National du Grand Air items, which is contract EN771-6-
23 0182. We find this contract on page 11 of Exhibit C-302.

24 **MR. ST-LAURENT:** Yes.

25 **MR. BÉLANGER:** And on page 11 of Exhibit C-302 we see,

1 for the requirements described in Appendix "A" for the Salon du
2 Grand Air, we see the \$450,000 sponsorship. We see item 2,
3 \$45,000 administration fees.

4 **MR. ST-LAURENT:** Yes.

5 **MR. BÉLANGER:** And we see item 3, \$105,000, which is
6 for professional services.

7 **MR. ST-LAURENT:** That's right.

8 **MR. BÉLANGER:** And then, I'm going to the table on
9 page 3 of the same exhibit, C-302, and in this table - it's on
10 page 3, and on the first line of the second block, we see the
11 same amounts: \$450,000, \$45,000 and \$105,000.

12 **MR. ST-LAURENT:** Quite so.

13 **MR. BÉLANGER:** I would like to try to reconcile or
14 understand why in Table 94 of your report we find, and to take
15 only the appropriate line, we find under contract 0182, \$555,000
16 in sponsorships, \$45,000 for communication agency commissions -
17 this figure at least seems to be in line with those that we have
18 just seen - and a finder's fee of \$111,000.

19 **MR. ST-LAURENT:** Yes. I am relying on my memory here.
20 I would have to refer to the correct document but, in the case
21 of the fairs in question, if I remember correctly, here we are
22 talking about Everest and I think that these are the first fairs
23 and the first contracts. And if memory serves me, I think that
24 there were contracts between Everest and Expour regarding the
25 contracts in question and, unless I am mistaken, the finder's

1 fee amount was stipulated in those contracts.

2 So those amounts are not included in the contract
3 between the government and Everest but would be included in the
4 contract between Everest and your client.

5 **MR. BÉLANGER:** I'm afraid I am having a bit of trouble
6 following you because, according to the evidence that was
7 presented by both Mr. Lemay and Mr. Boulay, and I am relying on
8 my memory here, Mr. Commissioner, Groupe Polygone/Expour did not
9 pay Everest any finder's fee for those fairs, so I am wondering
10 where you got the \$111,000 figure, just to take one example.

11 Does it come from accounting documents that you found
12 that we are not aware of - that we may not know exist? How did
13 you come up with the 111 figure? Where does this 111 figure
14 come from, and the 142.5 figure?

15 **MR. ST-LAURENT:** Okay. I do not have an answer at my
16 fingertips, I'm afraid. I would have to - that would require
17 verification but the starting point is what I am telling you.
18 It seems to me that there was a contract between Groupe Everest
19 and your client which stipulated a finder's fee for landing the
20 sponsorships in question. Based on that, I have to go back to -
21 --

22 **THE COMMISSIONER:** A finder's fee payable to whom?

23 **MR. ST-LAURENT:** To Everest.

24 **THE COMMISSIONER:** To Everest.

25 **MR. ST-LAURENT:** Alright.

1 **MR. BÉLANGER:** Mr. Commissioner, you will recall that
2 there was in fact a contract between Everest and Groupe Polygone
3 to pay a commission for sponsorships it obtained, but the
4 evidence revealed that, in the case of the fairs, Groupe
5 Polygone did not pay Everest a finder's fee, did not pay Everest
6 a commission.

7 **THE COMMISSIONER:** This illustrates the problem well,
8 because he is relying on the documents and, according to the
9 documents, a finder's fee is payable. According to the
10 evidence, what you are telling me, I would need to check, but --
11 -

12 **MR. BÉLANGER:** I believe you.

13 **THE COMMISSIONER:** --- my understanding of your
14 submission, is that, indeed, even though the contract stipulated
15 a finder's fee, the fee was not paid in this case. So the
16 forensic accountant looks at the document and presumes that, if
17 a contract clause stipulates a payment, a payment was made.
18 Perhaps it was not really made - in fact.

19 **MR. BÉLANGER:** And, indeed, Mr. Commissioner, unless
20 one of my colleagues can correct me -- and there are enough of
21 us here to serve as a collective memory --, I do believe that
22 the evidence has shown that, in this case, Groupe Polygone did
23 not pay Everest any commission, and I do not think that the
24 evidence to that effect has been contradicted.

25 My concern was, when I read Table 94, it refers to

1 "Summary Fees Paid to Everest" and at the end of the last column
2 "Total Fees Paid to Everest".

3 And if I understand correctly, Mr. St-Laurent, the
4 title of the table may be confusing to the extent that it is not
5 necessarily what was paid but, according to your examination of
6 the contracts, what might have been paid?

7 **MR. ST-LAURENT:** If in the example that you cited the
8 payment was not made, indeed, the amount should be - if we keep
9 the same title, the amount would have to be removed.

10 **MR. BÉLANGER:** And that would be ---

11 **MR. ST-LAURENT:** But that, I will double-check that to
12 see if we do in fact have evidence of the payment or not in ---

13 **THE COMMISSIONER:** It seems to me that checking would
14 have to involve checking the evidence, the witnesses'
15 statements.

16 **MR. ST-LAURENT:** You are right.

17 **MR. BÉLANGER:** However, I would perhaps add, Mr.
18 Commissioner, that, with all due respect for the documentary
19 evidence, the forensic accountants had all of Groupe Polygone
20 Expour's accounts, all of Groupe Polygone Expour's financial
21 statements ---

22 **THE COMMISSIONER:** That is an argument, sir.

23 **MR. BÉLANGER:** Yes.

24 **THE COMMISSIONER:** I think that you have - you have
25 raised a question mark for me with respect to 111 ---

1 (LAUGHTER/RIRES)

2 MR. VADEBONCOEUR: If I remember well, payment was
3 made, not for a finder's fee, but for advertising services.

4 THE COMMISSIONER: So I think that what you should do
5 is check, and we will have to come back to the issue. I do not
6 think it is possible to give an immediate answer.

7 But will noon suffice to -- thank you.

8 We will return to the chart ---

9 MR. BÉLANGER: Yes, Mr. Commissioner, I think, in fact
10 ---

11 THE COMMISSIONER: --- this afternoon.

12 MR. BÉLANGER: --- that, I think that will be an
13 important point to check under the circumstances.

14 THE COMMISSIONER: The amounts are very important.

15 MR. BÉLANGER: Yes because, after all, it is over a
16 quarter of a million. And at one point, I can tell you, perhaps
17 for the Commission's information, Mr. Vadeboncoeur, I thought at
18 one point that the professional fees paid to Mr. Corriveau for
19 the first fair were included here. You will recall that around
20 \$100,000 was paid to Mr. Corriveau for the first two fairs.
21 However, since the table refers to amounts paid to Everest,
22 obviously, that would not be a good explanation either.

23 The second very quick question about the
24 clarifications, again in Appendix F, page 1, and it's in Table
25 1. I presume that I should still be asking Mr. St-Laurent about

1 this?

2 **MR. ST-LAURENT:** If you are in Groupe Polygone, no.

3 **MR. BÉLANGER:** No? So, I am - I'll go

4 [ENGLISH]

5 back to Mr. Whitla.

6 Mr. Whitla, I will switch in the language of
7 Shakespeare to help you.

8 **MR. WHITLA:** Thank you.

9 **MR. BÉLANGER:** Go to Table 1, and I notice the title
10 is "Contracted Amounts" by event. I notice that while most of
11 the events are described as we have come to know them during
12 these hearings, there is one in particular called production and
13 planning.

14 Am I to assume here that you have created a specific
15 category in which you have put all the production and planning
16 amounts which were not the subject matter of a specific
17 contract, however?

18 **MR. WHITLA:** Again, I would just take a moment to
19 confirm with my colleague, but I believe that to be the case,
20 yes.

21 **MR. BÉLANGER:** I will leave you a moment.

22 (SHORT PAUSE/COURTE PAUSE)

23 **MR. WHITLA:** There is a section in that, sir, at page
24 -- Appendix "F", page 6 ---

25 **MR. BÉLANGER:** M'hm.

1 **MR. WHITLA:** --- where we have mentioned that it
2 includes two contracts that we have grouped together.

3 **MR. BÉLANGER:** So those would be specific to two
4 contracts?

5 **MR. WHITLA:** That is correct.

6 And in the second paragraph of that section, we note
7 that \$1.4 million of that was sent to your clients.

8 **MR. BÉLANGER:** And just for the purpose of
9 understanding which two contracts these are, if I go back to C-
10 302 -- I believe Mr. St-Laurent had it a minute ago.

11 Mr. Whitla, if we refer to -- I am looking at the list
12 of contracts or events associated with Expour and Groupe
13 Polygone. I will look at page 4. I look at the description of
14 the event, and the only two that I can find here that would
15 appear to be related to production and planning, as you have
16 dubbed it in page 6 of Annex "F" would be the last two called
17 "Production and Planning Costs" and the other one "Production
18 Services".

19 **MR. WHITLA:** That is correct.

20 **MR. BÉLANGER:** So those would be the two contracts
21 which are referred to at page 6 of Annex "F"?

22 **MR. WHITLA:** I believe that to be correct, yes.

23 **MR. BÉLANGER:** Thank you.

24 Now, we will move on to my following topic. Page 107
25 in your report. I go to Section 10.5.3 and essentially the last

1 paragraph, you say "Some of the visibility" -- and I quote the
2 second sentence:

3 "Some of the visibility identified actually
4 relates to visibility provided under other SPS
5 events (i.e. Radio Capsules) as demonstrated in
6 Appendix 1 of this report. It appears the value
7 of this visibility was claimed for two distinct
8 SPS events."

9 Can you identify which two SPS events for which the
10 same visibility would have been claimed, which they are?

11 **MR. WHITLA:** Well, it is being claimed in the context
12 of the Magazine National, which is based on a letter that your
13 client sent to Groupaction, and then it is also being based on
14 the fact that they were being paid for these radio capsules.
15 Your client was being paid for the radio capsules.

16 **MR. BÉLANGER:** But how were you able to identify that
17 it was the same visibility?

18 **MR. WHITLA:** Well, the ad is clearly identified as
19 being radio capsules' ads and, in fact, I think we have included
20 at the back of the document examples of those.

21 **MR. BÉLANGER:** A sample at Annex or Appendix ---

22 **MR. WHITLA:** "I". So in other words, at the top of
23 page 2 -- again, I am trusting my French-speaking colleagues to
24 have translated this correctly, but I understand that the first
25 ad on the top there is a radio capsules ad.

1 **MR. BÉLANGER:** At the second page?

2 **MR. WHITLA:** Page 2.

3 **MR. BÉLANGER:** Yes, "Annuel de Motoneige".

4 **MR. WHITLA:** Right. But then I think it is ---

5 **MR. BÉLANGER:** It is pretty finely printed, but ---

6 **MR. WHITLA:** Yes. And then I understand, if you turn
7 the next page to page 3, this is another example of what was
8 submitted.

9 **MR. BÉLANGER:** The one at the bottom, I assume?

10 **MR. WHITLA:** Right. There is no Canadian logo on
11 there, but it certainly does mention the radio capsules.

12 **MR. BÉLANGER:** So it is on that basis. Are there any
13 other examples at Annex "I" or would those be the two -- I
14 haven't canvassed them, but there is only one other page.

15 **MR. WHITLA:** Yes this is intended to be strictly an
16 example, it wasn't exhaustive.

17 **MR. BÉLANGER:** So those are the two examples where,
18 from the letter sent by Mr. Lemay to Groupaction on July 26, as
19 well as the content of some of the examples of advertising, in
20 regional magazines, because some of them referred to "Radio
21 Capsules" that is where you draw your inference that the value
22 may have been claimed for two distinct events.

23 **MR. WHITLA:** That is correct.

24 **MR. BÉLANGER:** Thank you.

25 Now, going to my topic before last, now go to your

1 report on page 107. At least, I stay on page 107. Now at
2 Section 10.5.4, you refer to what we have come to know as the
3 "Poster Campaign"?

4 MR. WHITLA: Yes, sir.

5 MR. BÉLANGER: In the *Journal de Montréal* and the
6 *Journal de Québec*?

7 MR. WHITLA: Yes, sir.

8 MR. BÉLANGER: You give as an example of the
9 visibility obtained through a sponsorship in Appendix "K" and we
10 may refer to it. Now of all the animals that one could have
11 chosen as an example -- it's quite an interesting one ---

12 (LAUGHTER/RIRES)

13 MR. WHITLA: I have an answer for that, if you would
14 like.

15 MR. BÉLANGER: You didn't have the beaver in your
16 selection?

17 MR. WHITLA: Quite coincidentally ---

18 THE COMMISSIONER: You have something against "les
19 mouffettes"?

20 (LAUGHTER/RIRES)

21 MR. BÉLANGER: Just said it was interesting.

22 MR. WHITLA: In reviewing this section I asked the
23 same question to my colleague who put this example together
24 because I thought it might create some form of an issue and he
25 was very quick to hand me what your client had submitted to us

1 **MR. WHITLA:** If there was in fact a publicity
2 campaign. I have seen nothing in the records that would suggest
3 that that took place.

4 **MR. BÉLANGER:** But if there was one, your report is
5 not intended to exclude that.

6 **MR. WHITLA:** It would not intend to exclude that, no,
7 sir.

8 **MR. BÉLANGER:** I understand. Now, we -- the last --
9 same section, but the last paragraph and I quote:

10 "Groupe Polygone and Groupaction have not
11 provided information indicating the level of
12 visibility provided."

13 And I purposely stop my quote here, not going into the
14 bracket for now.

15 Have you been made aware that Exhibit C-301, page 43A,
16 which I believe is an addendum and I realize that this is
17 written in French. Have you ever taken cognizance of this
18 Exhibit before? Page 43A.

19 **MR. WHITLA:** If you don't mind, I would just refer to
20 Mr. Vadeboncoeur who, in fact, would have.

21 **MR. BÉLANGER:** Essentially, for your benefit, I can
22 summarize it. It is a form of certification by the person
23 responsible with Groupaction basically saying that all the
24 promotional material was produced, approved and used in
25 conformity with the agreement. All the elements of visibility

1 were produced, approved and disposed of in conformity with the
2 agreement and all the other provisions of the agreement were
3 respected -- roughly translated.

4 So, when we say, at the bottom of page 107 of your
5 report that

6 "Groupe Polygone and Groupaction have not
7 provided information indicating the level of
8 visibility provided."

9 Would you agree with me that, at least, we have here
10 an indication -- perhaps not in detail -- but an indication that
11 the visibility was provided?

12 **MR. WHITLA:** Our comment is not that these posters did
13 or did not make into certain of the newspapers. We just can't
14 confirm how many newspapers they made it into and how many
15 readers would have had access to these documents.

16 **MR. BÉLANGER:** When you say you can't -- and that
17 raises another question -- when you say you can't confirm how
18 many newspapers that it went into, doesn't the title of your
19 section suggest that it was two newspapers, *Journal de Montréal*
20 and *Journal de Québec*?

21 **MR. WHITLA:** Right but I know from my experience, at
22 least in Ottawa, that certain copies of the *Ottawa Citizen* get
23 inserts and certain copies of the *Ottawa Citizen* don't get
24 inserts. So, again, we had no idea of how many papers these
25 inserts actually made it into.

1 **MR. BÉLANGER:** So in fact, when you say
2 "Groupe Polygone has not provided information
3 indicating the level of visibility."
4 you are talking the level of visibility, most specifically
5 dealing with the actual statistics of how many posters went into
6 how many copies of le *Journal de Montréal* and le *Journal de*
7 *Québec*?

8 **MR. WHITLA:** Well, that, sir, is why there is the
9 comment in brackets at the bottom of page 107. It says "The
10 example number of posters distributed" is what we were thinking
11 we should be able to see.

12 **MR. BÉLANGER:** And you are not suggesting that there
13 is anything else that was basically worthy of raising the issue
14 in your report?

15 **MR. WHITLA:** That is correct.

16 **MR. BÉLANGER:** Thank you.

17 Now, am I to understand correctly that even if you had
18 had the number of posters, let us say for the sake of argument,
19 13 million posters would have been distributed in both le
20 *Journal de Québec* and le *Journal de Montréal*, you would have
21 simply stated that figure but you would not have made an
22 analysis of what the value of this visibility would be against
23 the amount paid; is that correct?

24 **MR. WHITLA:** That is correct, yes.

25 **MR. BÉLANGER:** Now, I refer to Appendix F, page 4, the

1 first paragraph at the top of the page. The Section deals with
2 "The Salon" which is the second largest type of event in terms
3 of amounts given to Groupe Polygone. And, at the top of page 4,
4 you say

5 "The GOC obtained visibility in these events by
6 way of onsite banners, signs and posters,
7 presence of the Canada wordmark in printed
8 advertising and the Government of Canada
9 mentioning radio advertising".

10 My question to you is there any particular reason why
11 you have excluded "TV advertising" which is referred to or
12 mentioned among others in Exhibits PE-1 and PE-2? But it might
13 just have been an oversight, but I just want to confirm that.

14 **MR. WHITLA:** I don't think there is any specific
15 reason why that would have taken place or any conscious decision
16 on our part. And, again, I think that most of these comments
17 are coming based on the documentation that we find in the
18 Government of Canada records.

19 **MR. BÉLANGER:** I see, so if the Exhibits PE-1 and PE-2
20 for example would also refer to "TV advertising" and if you had
21 had knowledge of that when drafting your report, then you would
22 have mentioned TV in there.

23 **MR. WHITLA:** Yes, I would have considered it for sure.

24 **MR. BÉLANGER:** We will now go on to my last topic
25 dealing with the post-mortems, as we have come to call them.

1 Should I assume from the answers you gave me to my very first
2 question as to the limits of your expertise that you would not
3 consider yourselves experts into what would go into a post-
4 mortem or not?

5 **MR. WHITLA:** That is fair. Yes.

6 **MR. BÉLANGER:** And, therefore, if I go to your report
7 at page 108, and I go to the second to last bullet in that page
8 and I quote the second sentence

9 "Groupe Polygone did not provide CCSB or
10 Communication Canada with a breakdown of the
11 costs associated with the event for the actual
12 amounts paid for the radio airtime"

13 And the event were the radio capsules here. Now, am I
14 to assume correctly that it is not within the realm of your
15 expertise to say that the post-mortems should, in fact, include
16 such costs?

17 **MR. WHITLA:** We are strictly stating a fact here. We
18 are not linking it to the post-mortems or the lack of
19 information provided in the post-mortems.

20 **MR. BÉLANGER:** So if I were to tell you that the post-
21 mortems that we do have in evidence such as examples P-2, 3, 4
22 and 5, that none of them purport to give the actual amounts
23 spent for radio airtime, as using your example. That would not
24 raise any concern with you; is that correct?

25 **MR. WHITLA:** I think we have made this comment, sir,

1 because we believed that this is something probably the
2 Government of Canada should have considered when entering into
3 agreements of this magnitude and the actual costs associated
4 with them and it should have been considered. Whether it was in
5 a post-mortem or not, I mean that is, I think, pretty -- is
6 somewhat irrelevant to us. It is just that we think that
7 information should have been provided.

8 **MR. BÉLANGER:** So you are not basically drawing a
9 negative inference from the standpoint of what was done in the
10 past in not putting the cost in the post-mortem. You are just
11 looking at what may be done in the future.

12 **MR. WHITLA:** Well, we are looking at information we
13 expected should have been there and considered within the
14 documentation we reviewed.

15 **MR. BÉLANGER:** From the standpoint of the Government
16 of Canada's requirements?

17 **MR. WHITLA:** Exactly.

18 **MR. BÉLANGER:** I have no further questions, Mr.
19 Commissioner.

20 **THE COMMISSIONER:** Thank you, Mr. Bélanger.

21 We will come back to the subject that was left in
22 suspense after the lunch break.

23 Maître Fournier?

24 --- **CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. FOURNIER:**

25 **MR. FOURNIER:** Good morning, gentlemen. Good morning,

1 Mr. Commissioner. My name is Pierre Fournier and I act for Mr.
2 Gagliano.

3 I have five topics. The first topic has to do with
4 page 10 of your report, Table 6. Now, it seems to me that there
5 are two drops that can be identified in the proportion of
6 production costs to the total. One drop would appear to be --
7 one important drop would appear to be around the period of the
8 year ending 1998, which would appear to be substantially less
9 than the year before in terms of proportion, and then another
10 substantial drop in the year 2001, year ending 2001.

11 Do you agree with me?

12 **MR. MACDONALD:** Mr. Fournier, you refer to the drop
13 from the fiscal '97 from \$26 million down to \$21 million?

14 **MR. FOURNIER:** Yes, but 21 in relation to a total of
15 \$51 million, as opposed to 26 on \$30 million.

16 **MR. MACDONALD:** Yes.

17 **MR. FOURNIER:** Which to me indicates a substantial
18 drop in terms of the proportion that ---

19 **MR. MACDONALD:** I agree.

20 **MR. FOURNIER:** You would agree with that, would you
21 not?

22 **MR. MACDONALD:** Yes.

23 **MR. FOURNIER:** Now, with respect to the drop that is
24 evident in the year 2002, you were asked yesterday to comment on
25 that and I believe you mentioned Carling Lake, the meeting that

1 Mr. Tremblay would have had might have been a factor in that.

2 Do you remember that?

3 **MR. MACDONALD:** I remember the question. I think Mr.
4 Whitla may ---

5 **MR. WHITLA:** That was my commentary, yes.

6 **MR. FOURNIER:** It was your comment, yes. Are you
7 aware of the fact that there was an internal audit in the year
8 2000?

9 **MR. WHITLA:** I am aware of that, yes.

10 **MR. FOURNIER:** And that the minister at the time, when
11 he was made aware of the preliminary conclusions of the internal
12 audit, ordered a stop on the program until a plan of action was
13 put in place? Were you aware of that?

14 **MR. WHITLA:** I know there was an action plan
15 initiated. I didn't know that there was a stop order given.

16 **MR. FOURNIER:** So you wouldn't be able to say whether
17 the drop, which one can see in the year 2001, might be due to
18 the minister's actions at the time?

19 **MR. WHITLA:** I think that would be beyond my scope.

20 **MR. FOURNIER:** All right.

21 If we can go to your slide number 22, yesterday, Mr.
22 Macdonald, you were given a -- it was suggested to you that
23 fairs, festivals and celebrations would be more typical of what
24 is normally known as sponsorships than a lot of the other things
25 on that slide and I believe you agreed with that suggestion.

1 **MR. MACDONALD:** I am just pausing when you say
2 "normally" but I forget the exact way we described it. It may
3 be that the common understanding of a sponsorship in this
4 context would be around the fairs and festivals fit in that
5 common understanding easily, more easily than some of the other
6 ones.

7 **MR. FOURNIER:** Well, I thought your report has shied
8 away from trying to determine what is a sponsorship, what is
9 properly a sponsorship. Am I not correct in that?

10 **MR. MACDONALD:** I am not sure it shied away. It is
11 just simply didn't define it because if you look at the -- from
12 the very first Treasury Board submission in November 1996, the
13 government language doesn't define it very well, if at all. It
14 is quite broad so that we didn't try to define it in light of
15 the documents that were themselves not defining it.

16 **MR. FOURNIER:** Just out of curiosity, wouldn't you say
17 that putting the Government of Canada's wordmark on amateur
18 sports would just as well be sponsorship as fairs?

19 **MR. MACDONALD:** I think so.

20 **MR. FOURNIER:** Yes. And what about the Salon du Plein
21 Air ou du Grand Air -- I always forget which one -- wouldn't
22 that also be sponsorships?

23 **MR. MACDONALD:** Well, the difference that I would draw
24 from that is that the sponsorship money in those cases went to
25 corporate promoters of commercial events versus fairs and

1 festivals and amateur sports which were more community-related
2 types of activities it would seem.

3 **THE COMMISSIONER:** And non-profit.

4 **MR. MACDONALD:** And non-profit, exactly.

5 **MR. FOURNIER:** I see your point. If instead of using
6 the word "sponsorship" one used the word "visibility", would you
7 not agree that all of these items that are listed on page 22 are
8 vehicles to promote the visibility of the Government of Canada?

9 **MR. MACDONALD:** I would agree with that.

10 **MR. FOURNIER:** Now, you indicated, and I believe it is
11 at page 5 of your report, that -- yes, at the very bottom that
12 you "did not investigate any transaction which were the subject
13 of criminal charges or which may have been the subject of
14 ongoing criminal investigations" and I believe yesterday you
15 explained the mechanism that was put in place to ensure you
16 didn't do that.

17 **MR. MACDONALD:** Correct.

18 **MR. FOURNIER:** Did this -- and I know you also stated
19 that the totals that you mentioned here include whatever might
20 be covered by those investigations, but apart from that, did
21 this limitation affect in any way your ability to follow the
22 money?

23 **(SHORT PAUSE/COURTE PAUSE)**

24 **MR. MACDONALD:** Only to the extent that, for those
25 specific events which we were advised we ought not to look at in

1 any depth other than just to overview, to those events, we
2 didn't, for example, interview the sponsorees, the people who
3 got the money and find out what they did with it, if they paid
4 any extra commissions or the like, those sorts of things. So we
5 steered clear from that type of thing.

6 **MR. FOURNIER:** All right. Let me limit my question.
7 Apart from what I believe is obvious, it would have limited your
8 ability to follow the money in the hands of the people being
9 criminally investigated or criminally charged. Apart from those
10 people, did it limit your ability in any way?

11 **MR. MACDONALD:** No.

12 **THE COMMISSIONER:** Well, let me ask a question. I
13 think we have to be careful where we go, but it means if you
14 eliminate those transactions from your analysis, some of the
15 proportions, for example, are necessarily affected.

16 Would I not be correct in that? Let's suppose that if
17 out of 100 transactions totaling \$5 million you are not allowed
18 to deal with 10 per cent of them, then your overall conclusions
19 as to the proportions between, for example, commissions to the
20 value of events is going to change?

21 **MR. MACDONALD:** No, in that regard, we included all
22 the events based on the amounts specified in the contracts.

23 **THE COMMISSIONER:** So that your totals include the
24 events which you did not analyse?

25 **MR. MACDONALD:** That is correct.

1 **THE COMMISSIONER:** Okay. Thank you.

2 **MR. FOURNIER:** So that was my point, that apart from
3 the individuals who are specifically charge or investigated,
4 your results are not impaired with respect to the others?

5 **MR. MACDONALD:** That is correct.

6 **MR. FOURNIER:** All right.

7 Now, you also stated yesterday that you had no lead to
8 investigate -- to follow the money outside the country.

9 **MR. MACDONALD:** That is correct.

10 **MR. FOURNIER:** There was no limitation on your mandate
11 whatsoever in following the money wherever it would go?

12 **MR. MACDONALD:** That is correct.

13 **MR. FOURNIER:** So is it a fair conclusion then that if
14 your report does not show that money went to any given person,
15 then there is simply no evidence that it went there?

16 **MR. MACDONALD:** Sorry. Can you just repeat that?

17 **MR. FOURNIER:** Is it a fair conclusion that if there
18 is nothing in your report that would indicate that Mr. "X" or
19 Mr. "Y" or Mr. "Z" received any amount of money out of the
20 sponsorship funds, then it is simply because there is no
21 evidence leading to that conclusion?

22 **MR. MACDONALD:** Yes. It doesn't ---

23 **THE COMMISSIONER:** No documentary evidence because you
24 were examining the documents.

25 **MR. MACDONALD:** That is right.

1 It doesn't mean that anybody you want to name didn't
2 get any money. It simply means that based on our review ---

3 **MR. FOURNIER:** There is no indication that that person
4 received that money ---

5 **MR. MACDONALD:** That is correct.

6 **MR. FOURNIER:** --- or any money.

7 **MR. MACDONALD:** That is correct.

8 **MR. FOURNIER:** All right.

9 Now, in your slide number 6, you indicated that the
10 total special programs and sponsorship that you were able to
11 identify were in the amount of \$355 million.

12 **MR. MACDONALD:** Mr. Whitla will address slide number
13 6.

14 **MR. FOURNIER:** I will not draw any conclusion from
15 those changes. Anyone in the panel is welcome to answer the
16 question.

17 **MR. WHITLA:** Since I spoke to this yesterday, I am
18 happy to speak to it again today.

19 **MR. FOURNIER:** So the amount is \$355 million?

20 **MR. WHITLA:** That is correct.

21 **MR. FOURNIER:** You have also stated, and I think, Mr.
22 Whitla, you were the person who repeated it this morning, that
23 you did not consider yourselves to be experts in publicity or
24 marketing?

25 **MR. WHITLA:** That is correct.

1 **MR. FOURNIER:** I would imagine that in any kind of
2 forensic accounting investigation that you carry out, you must
3 regularly run into situations where you are not an expert in
4 this or that field?

5 **MR. WHITLA:** That is correct.

6 **MR. FOURNIER:** That can't be a precedent.

7 **MR. WHITLA:** It is not a precedent.

8 **MR. FOURNIER:** And is it not the case that when you
9 run into those situations, you typically hire the relevant
10 experts?

11 **MR. WHITLA:** If the piece of work we were being
12 retained to perform requires us to use outside expertise, then
13 that -- we would typically retain that to assist us.

14 **MR. FOURNIER:** For instance, if your investigation was
15 into how a husband used certain funds from the company to buy a
16 house, you might retain the experience of a house evaluator,
17 would you not?

18 **MR. WHITLA:** If there wasn't clear purchase and sale
19 agreements or there was something that we could not substantiate
20 from the documentation, we might retain an expert in that case,
21 yes.

22 **MR. FOURNIER:** Yes.

23 Now, in this case, I take it you did not hire any
24 expert in marketing or publicity because it was not your mandate
25 to determine whether the Government of Canada received value for

1 the \$355 million that it spent on special projects -- special
2 programs and sponsorships.

3 **MR. LUSSIER:** That it budgeted. It spent \$332
4 million.

5 **MR. FOURNIER:** Thank you, Mr. Lussier.

6 **MR. WHITLA:** That is correct. We were not retained
7 for that purpose.

8 **MR. FOURNIER:** Okay. Nor do you attempt to give any
9 answer to that question?

10 **MR. WHITLA:** I think there is nothing in our report
11 that would suggest we are attempting to do that.

12 **MR. FOURNIER:** Thank you. No further question.

13 **THE COMMISSIONER:** Thank you, Mr. Fournier.
14 Mr. Lussier.

15 --- CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. LUSSIER:

16 **MR. LUSSIER:** Good morning.

17 **MR. MACDONALD:** Good morning.

18 **MR. LUSSIER:** As you know, I represent the Attorney
19 General for Canada.

20 To link Mr. Fournier's question with some things you
21 said yesterday morning concerning funds being shipped outside of
22 Canada, you said you did not find any leads that indicated that
23 money had gone outside of Canada.

24 **MR. MACDONALD:** That is correct.

25 **MR. LUSSIER:** Mr. Whitla admits readily being a reader

1 of the *Ottawa Citizen* and there was a report about a month ago
2 of Mr. and Mrs. Boulay owning a house or a cottage
3 -- well, occupying a cottage in ---

4 **THE COMMISSIONER:** Hilton Head.

5 **MR. LUSSIER:** --- North Carolina -- South Carolina, I
6 am sorry.

7 **MR. MITCHELL:** You are not a golfer, Mr. Lussier.

8 **MR. LUSSIER:** No, I am not.

9 (LAUGHTER/RIRES)

10 **MR. LUSSIER:** And this is a public statement. It is
11 against my religion to play golf.

12 (LAUGHTER/RIRES)

13 **MR. LUSSIER:** In South Carolina, and I believe the
14 article reported that Ms. Deslauriers said that she rented the
15 house allegedly from a numbered company situated in the Bahamas.

16 Has any of this information been brought to your
17 attention? Have you followed that lead?

18 (SHORT PAUSE/COURTE PAUSE)

19 **MR. WHITLA:** We have not.

20 **MR. LUSSIER:** So are you excluding that some of the
21 money earned by some of the agencies or paid out as dividends
22 could have been used to invest in offshore corporations which
23 would then hold assets in the United States, for example?

24 **MR. MACDONALD:** I would answer that by saying that we
25 have, as our report shows, identified lots of money going to

1 people from salaries and profits from running of these
2 businesses.

3 Where there was a good reason, clear evidence that we
4 ought to then see exactly how they spent their salary or exactly
5 how they spent their dividend, if it was connected to something
6 that was clearly part of the mandate, then we would try to do
7 that.

8 So in the large part, we didn't then look at
9 everybody's personal bank account and find out how they spent
10 their money that they received from the running of the business
11 year over year.

12 Is that fair?

13 **MR. LUSSIER:** So you basically stopped at the fact
14 that dividends were paid to different individuals or private
15 corporations which were the shareholders of those different
16 companies, but you didn't, after that, follow the money. You
17 didn't do any asset monitoring, for example?

18 **MR. WHITLA:** We looked where we were concerned on how
19 -- in certain instances, how individuals -- and to make sure
20 that the amounts in totality that were paid out still sat in,
21 for example, Mr. Corriveau's -- we mentioned it yesterday, in
22 Mr. Corriveau's slide, we confirmed that of the money that was
23 paid out to Mr. Corriveau in salary, that a representative
24 amount now sat in an investment account for Mr. Corriveau.

25 So in other words, we looked to see if Mr. Corriveau

1 had paid out from his salary and earnings to parties that we
2 thought should be investigated, and when we could confirm that
3 the majority of the money sat there, while we still wanted to
4 see Mr. Corriveau's personal bank accounts, at least we got
5 comfort in the fact that the majority of the money that was
6 earned ended up in an investment account held by him.

7 So what I think Mr. Macdonald is trying to say is
8 where we noted concerns and where thought we needed to
9 investigate further, we did.

10 **MR. LUSSIER:** Okay.

11 So the obvious question is no hidden Swiss bank
12 accounts?

13 **MR. MACDONALD:** Not that we found.

14 **THE COMMISSIONER:** Or perfectly hidden Swiss bank
15 accounts.

16 (LAUGHTER/RIRES)

17 **MR. LUSSIER:** I would like you to turn to page 18 of
18 your PowerPoint presentation, please.

19 Now, we see in the column "Sponsorship" for the years
20 1995 and 1996, the amount of \$1.76 million having been budgeted
21 and/or spent by the Government of Canada during that year on
22 sponsorship.

23 **MR. ST-LAURENT:** Actually, it is contracted out.

24 **MR. LUSSIER:** Sorry.

25 **MR. ST-LAURENT:** I am sorry.

1 [TRANSLATION]

2 **MR. LUSSIER:** Yes, Mr. St-Laurent, go ahead.

3 **MR. ST-LAURENT:** Yes, I was going to say those are the
4 amounts under the contracts.

5 **MR. LUSSIER:** Okay.

6 Because we know that, in 1995, the company Lafleur
7 managed sponsorship contracts for \$14.5 million and we know that
8 there is an additional \$1.5 million on a list that was submitted
9 to Treasury Board, which was managed by Vickers & Benson for the
10 "China Project".

11 I wondered why we could only find the \$1.76 million,
12 when we know that the evidence uncovered at least \$16 million in
13 sponsorship contracts.

14 **MR. ST-LAURENT:** First of all, I think that we - I
15 will rephrase.

16 The year that we should look at, I think, is '96-'97.
17 If I remember well, the resolution or the document to which you
18 are referring is dated November '96. So we are talking about
19 the fiscal year ending in March '97.

20 **MR. LUSSIER:** If I may, we are talking about amounts
21 that were ---

22 **MR. ST-LAURENT:** You are talking about Treasury Board
23 submissions of 17 million?

24 **MR. LUSSIER:** Yes. It's '96?

25 **MR. ST-LAURENT:** That's right. In fact, and now I am

1 relying on my memory, Mr. Commissioner, the list ---

2 **MR. LUSSIER:** So if that's the case, we have \$2.38
3 million.

4 **MR. ST-LAURENT:** Yes, I'm going - I'm getting to it,
5 but just to clarify with respect to the submission.

6 If I remember well, I think that the first list was
7 approved in June '96, although the document was signed in
8 November, the submission to Treasury Board. When I say the
9 list, I am talking about the list that accompanied the
10 submission in question. And when we get to the final list in
11 November, there is, if I remember well, out of the \$17 million,
12 a total of \$16 million in contracts are listed. And, according
13 to our calculations, 83% of that amount is allocated to Lafleur
14 in terms of contracts.

15 The contracts were not necessarily all carried out on
16 the same dates in the year in question; they were spread out
17 over '96-'97.

18 **MR. LUSSIER:** If I may interject.

19 **MR. ST-LAURENT:** Yes.

20 **MR. LUSSIER:** In the case of contracts managed by
21 Lafleur, as a matter of fact ---

22 **MR. ST-LAURENT:** Yes.

23 **MR. LUSSIER:** --- the money had already been spent
24 during fiscal year '95-'96, and the Treasury Board submission,
25 if you will, substantiated the amounts paid out to Lafleur.

1 **MR. ST-LAURENT:** You may be right, but that is not my
2 understanding at all, Mr. Commissioner.

3 By November '96, a good part of the work had already
4 been done, but we are still talking about fiscal year '96-'97,
5 not '95-'96.

6 Now to get back to your question, it is a very good
7 question, about the 2.38, because I think that is the amount
8 that should be looked at. If I remember well, and we would have
9 to see the tables that were produced for Lafleur, it is 2.38
10 that appears in the contracts. We went through all the
11 contracts and, according to the descriptions that appear, we put
12 2.38 under the category "Sponsorship".

13 Now when we looked at the bills that Lafleur submitted
14 during the period in question, we found that it did in fact bill
15 a much higher amount in sponsorships. I do not remember the
16 precise amount, but it is - if I remember well, at least \$5
17 million or \$6 million was billed ---

18 **THE COMMISSIONER:** But I think that a phenomenon that
19 we find, I do not want to help you with your explanation, ---

20 **MR. ST-LAURENT:** Yes.

21 **THE COMMISSIONER:** --- but I think that one factor to
22 point out was, during the year, I recall fees billed for the
23 Expos, ---

24 **MR. ST-LAURENT:** Yes.

25 **THE COMMISSIONER:** --- they were almost all production

1 costs. The contract stipulated a pretty considerable amount,
2 but the bills were for production costs ---

3 **MR. ST-LAURENT:** But it's ---

4 **THE COMMISSIONER:** --- instead of an amount given
5 directly to the Expos baseball team.

6 **MR. ST-LAURENT:** You are right, Mr. Commissioner, but,
7 once again, we would have to refer back to the documents that
8 were produced for Lafleur.

9 If we go back to the beginning, the contracts were not
10 precise at that time and, when we read them, we see that the
11 bulk of the contract amounts are associated with production
12 work.

13 When we go back and look at the billing, we see that
14 there are indeed a lot of amounts billed for production and
15 there is also a significant portion billed for sponsorships.
16 And I think that we noted the amount billed as sponsorships in
17 the Lafleur table. And I do not have the figure in my head, but
18 I think that it is at least five million.

19 [ENGLISH]

20 **MR. LUSSIER:** Mr. Macdonald, do you want to add
21 anything to the explanation that was given by Mr. St-Laurent?

22 **MR. MACDONALD:** I am not sure I am following all of
23 what has just been said but the chart you referred us to on page
24 18 shows the total sponsorship contracts in '96-'97 being \$30
25 million, which includes production and sponsorship portions and

1 of which Lafleur had a substantial portion of that. So I didn't
2 know if you considered the total of the contracts in your
3 question.

4 **MR. LUSSIER:** Well, we know that the amounts approved
5 for sponsorship by the Treasury Board were in the amount of 16
6 or \$17 million.

7 **MR. MACDONALD:** In those contracts, the 17 was a total
8 number which included sponsorship and commission and production.
9 Even though they called them "sponsorship", that sponsorship
10 contract included the items that are detailed on page 18.

11 **MR. LUSSIER:** But we would have to presume that
12 probably more than \$2.38 million went to the event organizers.

13 **MR. ST-LAURENT:** Yes, absolutely.

14 [TRANSLATION]

15 Once again, that is what I stated and I am sure that there is a
16 precise figure in the tables that we produced.

17 **MR. LUSSIER:** That's right. Because, if we look at
18 the appropriate books at Lafleur, ---

19 **MR. ST-LAURENT:** Yes.

20 **MR. LUSSIER:** --- for example, we have the exact
21 amounts given to the sponsorees and the amounts that were
22 billed, either in professional fees or production costs, by
23 Groupe Lafleur, and which do not necessarily match what we see
24 in the table. Am I mistaken?

25 **MR. ST-LAURENT:** You are right, but you find the same

1 information in the - on the government side in Lafleur's bills.
2 That is what I am trying to explain to you. The bills say
3 "Sponsorship" or "Production". So a much higher amount than
4 2.38 appears on the bills.

5 **MR. LUSSIER:** Okay.

6 I would now like to go to page 23 of the presentation.
7 A basic question regarding the pie chart, and I don't know to
8 whom I should ask the question.

9 [ENGLISH]

10 It would be Mr. Macdonald? I was just wondering, the
11 amounts that were paid to Mr. Corriveau as finder's fees or as
12 inducement to breach contract fees by Polygone, ---

13 **MR. BÉLANGER:** Mr. Commissioner, I would take some
14 exception to my colleague's qualification of what kind are those
15 fees.

16 **THE COMMISSIONER:** The characterization of the amount
17 isn't the important thing. The question is, is the amount paid
18 to Mr. Corriveau's firm anywhere reflected in this chart?

19 **MR. LUSSIER:** That is right. In which part of the pie
20 would these payments to Mr. Corriveau appear?

21 **MR. MACDONALD:** I believe it would come out of the
22 sponsorship part of the pie.

23 My colleague is shaking his head and agreeing with me.
24 So ---

25 **MR. LUSSIER:** Sorry?

1 **MR. WHITLA:** I am nodding in agreement.

2 **MR. MACDONALD:** He is nodding in agreement. Thank
3 you.

4 **MR. WHITLA:** I think that you would also have to
5 examine -- I mean we identified three sources for Mr. -- for
6 Pluri Design receiving GOC -- effectively receiving GOC funds.
7 One was the Polygone; one was via Groupaction.

8 **MR. LUSSIER:** Groupaction.

9 **MR. WHITLA:** And the other one was coming through
10 somewhat -- well, a complicated billing system involving
11 Lafleur. So there could be a mix in that pie chart.

12 **MR. LUSSIER:** Now, Mr. Whitla, if we move to your
13 finding -- I am out of the presentation now and we go back to
14 your report 5.4.

15 You were talking about your findings. You were
16 talking about duplicate payments and you mentioned one example.

17 **(SHORT PAUSE/COURTE PAUSE)**

18 **MR. LUSSIER:** Would we also put into that category the
19 double billing or what appears to be double billing by Lafleur
20 for certain RCMP events and also the amounts that were received
21 by Lafleur, the \$250,000, which wasn't turned over to Canada
22 Post Corporation or for a limited value?

23 [TRANSLATION]

24

25 **MR. ST-LAURENT:** Where are you ---

1 MR. LUSSIER: I am at point 5.4 ---

2 MR. ST-LAURENT: Yes.

3 MR. LUSSIER: --- and I am referring to the testimony
4 of Mr. Whitla ---

5 MR. ST-LAURENT: Yes.

6 MR. LUSSIER: --- earlier this morning, who listed the
7 conclusions.

8 MR. ST-LAURENT: Yes. And which one in particular are
9 you looking at?

10 MR. LUSSIER: The item "duplicate payments". I just
11 wanted to know if this item included certain amounts that the
12 evidence - what the evidence revealed to be either - it's not
13 necessarily -- yes, there are "duplicate payments" and there are
14 also "duplicate billings", as well as certain amounts received
15 by Lafleur for Canada Post Corporation, which apparently had not
16 been turned over to Canada Post Corporation.

17 MR. ST-LAURENT: Which bullet is it exactly?

18 MR. LUSSIER: The second one, I think.

19 MR. ST-LAURENT: The second one. Okay.

20 THE COMMISSIONER: I think that the point Mr. Lussier
21 wishes to make is that your list does not appear to be
22 exhaustive. There are perhaps other sources indicated by the
23 evidence --

24 MR. LUSSIER: That is, I want to know whether it
25 includes them or should they have been a separate item? It is

1 simply a point of clarification.

2 **MR. ST-LAURENT:** Yes. That's why I am trying to
3 identify to which point you are referring exactly, because in
4 terms of duplicate payments, it is clear that, when we are
5 talking about Lafleur, we were thinking about the events that
6 you are talking about.

7 I hesitate somewhat on the last one, because I think
8 that new information was brought to you last week, Mr.
9 Commissioner, by people from Canada Post.

10 **THE COMMISSIONER:** So the whole question of whether
11 the \$250,000 was paid or not, or whether there is a counter-
12 account, etc.

13 **MR. ST-LAURENT:** That's right.

14 **THE COMMISSIONER:** This whole question that is ---

15 **MR. ST-LAURENT:** That's right.

16 **THE COMMISSIONER:** --- in dispute.

17 **MR. ST-LAURENT:** I will say what Mr. Lafleur told me
18 when I met with him, which is what he explained to you when he
19 testified about it. He was convinced that he had provided
20 services for which he had not billed.

21 But I think that you have since received other
22 information.

23 **MR. LUSSIER:** Ms. Holland of Canada Post Corporation
24 filed an affidavit for Ms. Montreuil, which says that they
25 apparently received certain services for an undetermined value

1 to offset the \$250,000.

2 I believe I have paraphrased Ms. Montreuil correctly,
3 Mr. Commissioner.

4 **MS. HOLLAND:** You are right, Mr. Lussier.

5 **MR. ST-LAURENT:** But to summarize what I have said, at
6 the time that we wrote those comments, we were not thinking
7 about the \$250,000.

8 **MR. LUSSIER:** Okay. So it could possibly be either
9 another item or another form ---

10 **THE COMMISSIONER:** It is another item to consider.

11 **MR. ST-LAURENT:** That's right.

12 **THE COMMISSIONER:** Yes.

13 [ENGLISH]

14 **MR. LUSSIER:** Mr. Whitla, you testified this morning
15 that you attempted to get some figures from Mr. Renaud's
16 bankruptcy trustee.

17 **MR. WHITLA:** I personally didn't. Commission counsel
18 did.

19 **MR. LUSSIER:** Oh, okay.

20 **MR. WHITLA:** We requested Commission counsel to try to
21 obtain that for us, and they were unsuccessful.

22 **MR. LUSSIER:** And it was reported to you that they
23 were unsuccessful.

24 Would that have been Mr. Cournoyer? It was Mr. Roy
25 who met the bankruptcy trustee?

1 **MR. WHITLA:** I believe it was Marie Cossette.

2 **MR. LUSSIER:** Marie Cossette.

3 So for the 2001 bankruptcy, the bankruptcy trustee did
4 not have relevant bank accounts or sufficient information?

5 **MR. WHITLA:** Again, I am third hand -- providing you
6 third-hand information. My understanding is that it was
7 requested. The trustee indicated he would attempt to locate it
8 and if he ---

9 **THE COMMISSIONER:** He didn't have anything in his
10 file.

11 **MR. WHITLA:** Yes.

12 **THE COMMISSIONER:** Frankly, it is as simple as that.

13 **MR. LUSSIER:** And do you know the name of that
14 trustee?

15 **MR. WHITLA:** I personally do not.

16 **THE COMMISSIONER:** We could furnish that to you if you
17 would like to pursue that ---

18 **MR. LUSSIER:** I remember Mr. Roy showing me the
19 bankruptcy documents. I can't remember whether we filed them or
20 not. I tried to look in the exhibit numbers this morning. I
21 don't think that we filed Mr. Renaud's -- that morning, I
22 remember filing certain documentation under the GC heading which
23 was the ---

24 **MR. COURNOYER:** May I suggest that we check that over
25 lunch and we will make sure.

1 **THE COMMISSIONER:** I think I am ready for lunch in any
2 event.

3 [TRANSLATION]

4 **MR. LUSSIER:** That would be -- anyway, the good news,
5 Mr. Commissioner, is that I have no further questions.

6 **THE COMMISSIONER:** Very well. Good. Good. But we
7 are going to try to track it down and, Mr. Bélanger, you still
8 have a question, don't you?

9 [ENGLISH]

10 **MR. BÉLANGER:** Mr. Commissioner, I understand Mr.
11 Macdonald had a plane to catch at three o'clock.

12 For my own purpose of what was left to clarify, we
13 don't need him. Insofar as I am concerned, I would be happy
14 that he be freed. It depends on the Commission.

15 **THE COMMISSIONER:** Well, as much as I ---

16 **MR. MACDONALD:** There is a plane every hour. So I am
17 ---

18 **THE COMMISSIONER:** As much as I would be happy to see
19 you at two o'clock, if you decide that you would like to catch
20 your plane at 3:00, I think your two colleagues can deal with
21 this last question adequately. So you are free to go if you
22 wish.

23 **MR. MACDONALD:** Thank you very much.

24 **THE COMMISSIONER:** Okay. Two o'clock, please.

25 --- Upon recessing at 12:32 p.m./

1 L'audience est suspendue à 12h32

2 --- Upon resuming at 2:05 p.m./

3 L'audience est reprise à 14h05

4 **THE COMMISSIONER:** Thank you, please be seated.

5 **THE COMMISSIONER:** Okay then, I will ask the question
6 for Mr. Bélanger. Are you in a position to answer these
7 questions?

8 [TRANSLATION]

9 Are you ---

10 [ENGLISH]

11 **MR. ST-LAURENT:** Mostly.

12 [TRANSLATION]

13 **THE COMMISSIONER:** Yes, yes.

14 [ENGLISH]

15 **MR. ST-LAURENT:** --- not to say totally.

16 [TRANSLATION]

17 **THE COMMISSIONER:** Go ahead, then.

18 **STEVEN WHITLA, ROBERT MACDONALD, PIERRE M. ST-LAURENT,**

19 **Resumed/Sous le même serment:**

20 **--- CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. BÉLANGER**
21 **(cont'd/suite):**

22 **MR. ST-LAURENT:** Okay. If we go back to page 147 of
23 the Kroll report, Mr. Commissioner.

24 **THE COMMISSIONER:** 147.

25 **MR. ST-LAURENT:** 147.

1 **THE COMMISSIONER:** Yes.

2 The two figures in question, \$111,000 and \$142.5
3 thousand, under the column "Finder's Fee".

4 **MR. ST-LAURENT:** That's right. Just before, if I may,
5 there was a preliminary question about contract 60182 regarding
6 the figure 555,000, and the question was, well, when we look at
7 the list of contracts, the amount attributed to sponsorships is
8 450,000;

9 **THE COMMISSIONER:** Yes.

10 **MR. ST-LAURENT:** Which is true. The 555,000 also
11 includes the production portion, which was 105,000.

12 **THE COMMISSIONER:** Okay.

13 **MR. ST-LAURENT:** That is the first explanation.

14 **THE COMMISSIONER:** Which is where the 555,000 figure
15 comes from.

16 **MR. ST-LAURENT:** That's right. Now, the second point
17 about the finder's fee.

18 What I understand is, as I said this morning, there was a
19 contract between Everest and Expour that provided for the
20 payment of a 20 per cent finder's fee the first year and a 15
21 per cent fee after that out of the sponsorship amount. What I
22 also understand, and this was brought as evidence before you in
23 Exhibit P-364, which deals with Caliméro, Ms. Deslauriers'
24 company.

25 **THE COMMISSIONER:** Yes.

1 **MR. ST-LAURENT:** Caliméro received \$20,645,000 from
2 Everest, an amount which -- and normally, the agreement between
3 Caliméro and Everest was that Caliméro would get 25 per cent of
4 the finder's fee received by Everest.

5 **THE COMMISSIONER:** Okay.

6 **MR. ST-LAURENT:** So if the sponsorship was for
7 \$450,000, the 20 per cent finder's fee would have been \$90,000
8 and the 25 per cent would have been \$22,000.

9 **THE COMMISSIONER:** Yes.

10 **MR. ST-LAURENT:** So when we saw the \$20,645,
11 that led us to believe that ---

12 **THE COMMISSIONER:** It roughly adds up.

13 **MR. ST-LAURENT:** That's right. Now, this being said,
14 when we look at Everest's books to see whether a payment from
15 Expour to Everest was entered, we find there were in fact
16 payments totalling 300-and-something thousand dollars over the
17 two years. Upon further investigation, what we find is that
18 these payments seem to have been related to production work
19 supposedly done on marketing projects by Everest for Expour and
20 therefore unrelated to the finder's fee.

21 So what it all means is that the finder's fee was not paid
22 to Everest, but I understand that -- and here I don't have the
23 figures and I have not gone back to the transcripts -- I
24 understand that Mr. Corriveau reportedly admitted receiving the
25 finder's fees in question. So, as I understand it, at least

1 part of what should have been paid to Everest went instead to
2 Mr. Corriveau in the form of finder's fees. I don't have the
3 figure at hand.

4 **THE COMMISSIONER:** So then, based on the documentary
5 evidence, the only documents you have found are documents to the
6 effect that Ms. Deslauriers received, through her company, the
7 amount of 20 thousand and something ---

8 **MR. ST-LAURENT:** That's right.

9 **THE COMMISSIONER:** --- which may amount to close to 25
10 per cent of a commission that was otherwise payable ---

11 **MR. ST-LAURENT:** To Everest.

12 **THE COMMISSIONER:** --- but you have not found any
13 documents confirming that the other three-quarters was paid to
14 Everest.

15 **MR. ST-LAURENT:** Quite -- That's right, that's it.

16 **THE COMMISSIONER:** That's it. For the rest, we will
17 rely on the testimony.

18 **MR. ST-LAURENT:** Very good.

19 **THE COMMISSIONER:** Because I recall someone saying
20 that the commissions were not paid to Everest. I don't know who
21 said it, but I do recall that testimony being given.

22 So, does that satisfy you, Mr. Bélanger, or do you
23 have other questions?

24 **MR. BÉLANGER:** Actually, Mr. St-Laurent, if I
25 understand correctly, the \$111,000 -- because we also did a bit

1 of calculating during lunch -- the \$11,000 was 20 per cent of
2 the \$555,000?

3 **MR. ST-LAURENT:** Which is indeed a mistake.

4 **MR. BÉLANGER:** Okay.

5 And the \$142,500 was 15 per cent, which was the lower
6 percentage for a sponsorship that wasn't new but a renewal.

7 **MR. ST-LAURENT:** Yes.

8 **MR. BÉLANGER:** So, 15 per cent of 950?

9 **MR. ST-LAURENT:** Precisely.

10 **MR. BÉLANGER:** So you calculated the percentages that
11 would have been due under the contract between Everest and
12 Polygone or Expour if those amounts had been paid.

13 **MR. ST-LAURENT:** Precisely.

14 **MR. BÉLANGER:** So, to make Table 94 on page 147
15 accurate, based on its title, namely the amounts paid to Everest
16 and Caliméro by -- of course, I don't know whether you are
17 talking only about the amounts paid by Groupe Polygone, I don't
18 think so ---

19 **MR. ST-LAURENT:** No, no, no.

20 **MR. BÉLANGER:** It's -- so we would have to remove the
21 \$111,000 and the \$142,000 because they don't match the reason
22 they were put there, and perhaps replace them by other amounts,
23 if there were any.

24 **MR. ST-LAURENT:** You are partly correct. In large
25 part, in fact. This table is in the Everest section, but the

1 purpose of the table, or one of the purposes, was to compare the
2 commissions paid on sponsorship contracts, the 12 per cent
3 commission, with the finder's fee that was supposedly paid over
4 and above that amount. So, in actual fact, if we are talking
5 only about Everest, you are right, but if you consider the
6 comment I just made, then the amounts would have to be replaced
7 by the amount that was paid to Mr. Corriveau as a finder's fee
8 in order to achieve the desired objective.

9 **MR. BÉLANGER:** But on the other hand your table is
10 just for Everest.

11 **MR. ST-LAURENT:** You are correct.

12 **MR. BÉLANGER:** I understand. So, in the final
13 analysis, we could regard the finder's fee paid to Mr. Corriveau
14 as the counterpart at PluriDesign of what was -- of what might
15 otherwise have been paid to Everest, but was not paid in this
16 case.

17 **MR. ST-LAURENT:** Precisely.

18 **MR. BÉLANGER:** So, to make the table on page 147 as
19 such accurate, we would have to remove the \$253,500 from the
20 total, where Everest is concerned.

21 **MR. ST-LAURENT:** Precisely.

22 **MR. BÉLANGER:** Thank you very much. I have no further
23 commissions, Mr. Commissioner.

24 **THE COMMISSIONER:** Thank you, Mr. Bélanger.

25 **MR. BÉLANGER:** I mean no further questions.

1 if I could ask you to take Exhibit P-216 and look at page 2, I
2 think one of the things you wanted to point to in response to
3 Mr. Lussier was precisely the example of the Lafleur agency for
4 1996-97. The contract provided for \$276,100, but you have a
5 footnote in which you state that when you audited those invoices
6 you concluded that sponsorships in the amount of \$4,749,300 had
7 been paid.

8 **MR. ST-LAURENT:** Precisely. That is what I was
9 referring to this morning, Mr. Commissioner.

10 **MR. COURNOYER:** And I understand that this is one
11 example among others, but what we can see is that the way the
12 contracts were originally drafted, there was a lot of money for
13 production.

14 **MR. ST-LAURENT:** Yes.

15 **MR. COURNOYER:** And it was only by looking at the
16 bills for the years '95-'96 and '96-'97 that it was possible to
17 determine with greater certainty the amounts that were actually
18 paid in sponsorships?

19 **MR. ST-LAURENT:** Precisely.

20 **MR. COURNOYER:** Fine. It doesn't mean that in '95-'96
21 and '96-'97 only \$1,760,000 and \$2,380,000 respectively were
22 paid in sponsorships?

23 **MR. ST-LAURENT:** That's right.

24 **MR. COURNOYER:** Alright.

25 [ENGLISH]

1 Turning now to page 34, if we can come back to it --
2 and I can't remember; I think it was you, Mr. Macdonald. Could
3 you run it by us, and maybe I wasn't quite clear, who were the
4 "Unrelated or Unknown Party" that are linked with that \$40
5 million amount?

6 **MR. MACDONALD:** Yesterday I mentioned it included
7 expenses for things such as production and in particular
8 Attractions Canada. I mentioned the Vickers & Benson's China
9 Series as ---

10 **MR. COURNOYER:** So these were elements of media
11 placement?

12 **MR. MACDONALD:** Elements of media placement and I
13 think both in the case of Attractions Canada and the China
14 Series that there was money spent on outside parties to assist
15 in the production of the television series, for example, which
16 is not media. It was an actual ---

17 **THE COMMISSIONER:** Studios.

18 **MR. MACDONALD:** Studios and ---

19 **THE COMMISSIONER:** It was actually the recording, yes.

20 **MR. MACDONALD:** --- creative people who were involved
21 in writing the scripts and cameramen and the like.

22 **MR. COURNOYER:** Okay. In the endeavour of trying to
23 track the money trail that may or may not have been associated
24 with contribution to the Liberal Party of Canada, either the
25 federal or national entity or the Quebec section, did you

1 undertake any verification of those suppliers that were caught
2 by that umbrella of \$40.51 million?

3 **MR. MACDONALD:** No.

4 **MR. COURNOYER:** Okay. With respect to Liberal Riding
5 Association -- obviously, Mr. Commissioner, I am asking
6 questions on behalf of an intervenor here -- just to make it
7 clear, we have always ---

8 **THE COMMISSIONER:** I wonder who?

9 (LAUGHTER/RIRES)

10 **MR. COURNOYER:** At the level of the Liberal Riding
11 Association, did you do any verification of any sorts to track
12 the money trail at the Liberal Riding Association in Quebec?

13 **MR. MACDONALD:** No.

14 **THE COMMISSIONER:** These would be individual donations
15 by a donor to, for example, an individual candidate or the agent
16 for an individual candidate at the time of an election. That
17 doesn't show up in the statistics that you have looked at I
18 think.

19 **MR. MACDONALD:** No. Certainly, we didn't see any
20 payments out of the companies we looked at to specific Riding
21 Associations that I am aware of.

22 **THE COMMISSIONER:** Yes.

23 **MR. WHITLA:** There may have been, Commissioner, minor
24 amounts picked up. I discussed this morning golf tournaments
25 and dinners. I think in certain of those occasions there would

1 have been specific amounts included in that. I can think of Mr.
2 Coffin, for example. I think he paid \$2,000 for a riding-
3 specific event.

4 **MR. MACDONALD:** And there was one payment to -- was it
5 Gaby Chrétien? Was it Gaby Chrétien, which was ---

6 **MR. COURNOYER:** The \$4,000 but this is listed in the
7 list that was ---

8 **THE COMMISSIONER:** Four thousand (4,000) but that was
9 listed, yes.

10 **MR. COURNOYER:** --- covered by Mr. Mitchell.

11 **MR. MACDONALD:** Yes.

12 **MR. COURNOYER:** The list was covered but not that
13 item.

14 **MR. MACDONALD:** Okay.

15 **MR. WHITLA:** Just to reinforce that, what we did not
16 do is do a verification at the riding level of the ridings books
17 or the accounting that was taking place at the riding level.

18 **MR. COURNOYER:** Or whether or not cash money was
19 received or whether or not any money was received in any form?

20 **MR. WHITLA:** That is correct.

21 **MR. COURNOYER:** Okay. With respect to money in cash,
22 you alluded, Mr. Whitla, yesterday, to the challenges that are
23 entailed by tracking either the reception, the giving, the
24 getting out of cash money out of bank accounts.

25 Could you summarize for us what is the challenge --

1 despite the obviousness of the issue, what is the problem, what
2 is the challenge that a forensic investigator faces when he is
3 trailing money that would have been received in cash?

4 **MR. WHITLA:** I can give you a simple example and have
5 you come over and take \$20 from me and walk away with it and
6 then ask you what is the paper trail associated with that
7 transaction and there would be none. So in effect, there is no
8 paper trail in those situations for us to look at.

9 **MR. COURNOYER:** So that is a simple example but ---

10 **MR. WHITLA:** It is a simple example but ---

11 **THE COMMISSIONER:** Just add a few zeros and it becomes
12 a ---

13 **MR. WHITLA:** It becomes a larger example.
14 Effectively, if you see \$30,000 of cash being withdrawn from a
15 bank account, that is the last time we are potentially going to
16 see it. We may be able to, in certain instances, do like a
17 time analysis where you could see \$30,000 coming out of one bank
18 account and then you could potentially see another individual
19 depositing \$30,000 of cash at another time, and that happens in
20 certain cases but it is very difficult to say "That \$30,000 came
21 from that account and ended up in that account", for example.

22 **MR. COURNOYER:** And that is notoriously difficult to
23 track.

24 **MR. WHITLA:** It is.

25 **MR. COURNOYER:** And would I be fair to state that

1 during your endeavour and investigation on behalf of the
2 Commission, when you were looking at bank accounts, be it
3 personal bank accounts, when you had them, or corporate bank
4 accounts, you had a focus on whether or not you could see
5 withdrawals of significant amounts of cash money.

6 **MR. WHITLA:** That is correct.

7 **MR. COURNOYER:** And that is the endeavour that you
8 tried to achieve in Mr. Brault's case by trying to see where, if
9 indeed that was the case, cash money was withdrawn?

10 **MR. WHITLA:** Well, in Mr. Brault's case, I mean there
11 was specific information that would lead us to believe we should
12 be looking for large transactions, cash transactions, which is
13 why we put together that schedule. In other cases, if we would
14 have seen a number of large cash transactions taking place, we
15 would have flagged that as well.

16 **MR. COURNOYER:** Okay. And with respect -- maybe the
17 point needs to be stressed -- with respect to Mr. Corriveau
18 himself, you have not received yet his personal account for '94
19 till '98-'99?

20 **MR. WHITLA:** That is correct.

21 **MR. COURNOYER:** Because they are not available?

22 **MR. WHITLA:** For '94 to sometime in '97, we have been
23 told they are not available. We have in fact come back now and
24 had a subpoena issued to the bank for that period. For the
25 period of '97 to '99, we have requested specific transactions

1 and documentation related to those transactions. We just
2 haven't received that information yet.

3 **MR. COURNOYER:** So presumably, if cash money was given
4 by Mr. Corriveau for 1997, you would try but not necessarily be
5 successful in trying to look at his bank -- personal bank
6 account to see whether or not sums in that amount would have
7 been withdrawn?

8 **MR. WHITLA:** If we could have seen the statements,
9 yes, that is what we would ---

10 **MR. COURNOYER:** That would have helped?

11 **MR. WHITLA:** That would have helped.

12 **MR. COURNOYER:** But that would not be the final
13 answer?

14 **MR. WHITLA:** Again, cash transactions don't
15 necessarily have to take place through a bank account.

16 **MR. COURNOYER:** What are the other means?

17 **MR. WHITLA:** Well, I mean cash can exchange hands
18 without ever going into a bank account.

19 **THE COMMISSIONER:** You have heard of envelopes?

20 **(LAUGHTER/RIRES)**

21 **MR. COURNOYER:** No, but they come from some place.

22 **THE COMMISSIONER:** Yes.

23 **MR. COURNOYER:** With respect to offshore transactions
24 or out-of-Canada transactions, did I understand correctly your
25 testimony this morning that you are in no position to state that

1 this did not occur? You didn't have any leads pointing to that
2 or you didn't have access to documentation that would give you a
3 lead towards that?

4 **MR. MACDONALD:** In our review, we didn't find any
5 cheques payable to a Swiss bank account, for example, or to a
6 Bahamian bank account or anything like that. So the cash that
7 we were tracing stayed within the country.

8 **MR. COURNOYER:** And of course, you cannot exclude the
9 possibility, although theoretical, that records that you did not
10 have possession would have contained such a lead, but since
11 those records are not in existence anymore, well that is the
12 answer?

13 **MR. MACDONALD:** That is correct.

14 **MR. COURNOYER:** Okay. But beyond the limitation by
15 access to documentation, was there any limit placed upon you by
16 anybody from the Commission with respect to any leads you wished
17 to pursue, leaving aside the criminal prosecution or ongoing
18 criminal investigation?

19 **MR. MACDONALD:** No, sir.

20 **MR. COURNOYER:** And with respect to trailing or
21 tracking the money trail, is there anything you would have
22 wished to do that you did not do?

23 **MR. MACDONALD:** Well, we didn't trace every dollar.
24 You know, we -- so there is -- we didn't have all the records to
25 trace every dollar. I think the money we have been able to

1 trace and the way we have been able to summarize it, I think,
2 provides the Commissioner with a lot of information about where
3 the money came from and where it went and who got it and what
4 they did it and what profitability resulted from the Sponsorship
5 Program and who is holding those profits and how they
6 distributed them by way of salaries and dividends and the like.

7 To answer the question of what all those people did
8 with the profits and the salaries and so forth, we don't have
9 the answers for all those things and that is -- you know, having
10 access to everybody's personal bank accounts, we would have more
11 information probably about how they spent the money and the
12 profits they did get but -- so that we kind of stopped at that
13 point.

14 (SHORT PAUSE/COURTE PAUSE)

15 MR. MACDONALD: Mr. Whitla has just also reminded me
16 that at the sponsoree level, other than some of the corporations
17 that we have looked at, we haven't gone to that level to see
18 what all the sponsorees did with the money that they did get.
19 That might be illuminating to see what all that money -- how it
20 was spent and to who it may have gone to and so forth.

21 THE COMMISSIONER: Let me ask you a question. You
22 were working within -- with the constraints of a certain budget
23 that was given to you by the Commission.

24 MR. MACDONALD: Yes, we were.

25 THE COMMISSIONER: You didn't have the luxury of doing

1 absolutely everything that might have been done if you had had
2 unlimited resources at your disposal?

3 **MR. MACDONALD:** That is correct and ---

4 **THE COMMISSIONER:** We didn't want to create another
5 scandal by having your bill go through the roof.

6 **MR. MACDONALD:** That is correct.

7 **THE COMMISSIONER:** And there is -- in effect, in
8 forensic accounting, there is no obvious stopping point. Would
9 I be right in saying that?

10 **MR. MACDONALD:** Yes.

11 **THE COMMISSIONER:** Except that the person that
12 commissions you has to draw a line somewhere and say "Well, that
13 is as far as we are going to go"?

14 **MR. MACDONALD:** I would agree. I would also add that
15 a lot of the work that we have done for the Commission wasn't
16 really to do with accounting. It was to do with the broader
17 forensic accounting and looking at documentation and assisting
18 with witness interviews and the like, so that we have been
19 working on the file for over a year now but a lot of that time
20 was not really related to accounting per se, but it was related
21 to the earlier stages of the Inquiry.

22 **MR. COURNOYER:** And obviously, your investigations and
23 reviews did not, as a purpose, add -- they were going to the
24 Liberal Party in general but they were constrained by the
25 mandate of the Inquiry which there had to be a link with

1 **MR. COURNOYER:** Mr. Commissioner, can we take a 10-
2 minute break?

3 **THE COMMISSIONER:** Ten minutes before the next
4 witness?

5 **MR. COURNOYER:** Yes. Thank you.

6 --- Upon recessing at 2:30 p.m./

7 L'audience est suspendue à 14h30

8 --- Upon resuming at 2:44 p.m./

9 L'audience est reprise à 14h44

10 **THE COMMISSIONER:** Good afternoon. Please be seated.

11 **MR. COURNOYER:** Good afternoon, Mr. Commissioner.
12 Before beginning the examination of Mr. Manganiello, we need to
13 file documents pertaining to his testimony as Exhibit P-460.

14 --- **EXHIBIT NO./PIÈCE NO P-460:**

15 Documents pertaining to the testimony of GAETANO
16 MANGANIELLO/Documents au soutien du témoignage de
17 GAETANO MANGANIELLO

18 **MR. COURNOYER:** Mr. Manganiello is accompanied by Mr.
19 Charles Beaudoin Côté, who is representing him, and I will be
20 conducting the examination of Mr. Manganiello in English.

21 **THE COMMISSIONER:** Very well.

22 [ENGLISH]

23 **GAETANO MANGANIELLO, Sworn/Assermenté:**

24 --- **EXAMINATION-IN-CHIEF BY/INTERROGATOIRE EN CHEF PAR MR.**
25 **COURNOYER:**

1 MR. COURNOYER: Good afternoon, Mr. Manganiello.
2 MR. MANGANIELLO: Good afternoon, sir.
3 MR. COURNOYER: Did I pronounce it the right way?
4 MR. MANGANIELLO: Yes, sir, you did.
5 MR. COURNOYER: Okay.
6 You received a Bachelor degree in history and
7 political science from Concordia University in 1991?
8 MR. MANGANIELLO: Yes, sir.
9 MR. COURNOYER: After that, you worked for a period of
10 approximately five years for an insurance company?
11 MR. MANGANIELLO: Yes, sir.
12 MR. COURNOYER: You then worked for almost half a year
13 for Statistics Canada?
14 MR. MANGANIELLO: That's right.
15 MR. COURNOYER: And then from November 1997 to August
16 1998, you worked for the Liberal Party of Canada, Quebec
17 Section?
18 MR. MANGANIELLO: Yes, sir, but that is still August
19 1999.
20 MR. COURNOYER: What did I say?
21 MR. MANGANIELLO: Ninety-eight ('98), I think.
22 MR. COURNOYER: Oh, '99, I am sorry.
23 THE COMMISSIONER: So it was nearly two years?
24 MR. MANGANIELLO: Yes, sir.
25 MR. COURNOYER: And in 1999, you went back to Ottawa.

1 At that time, late in 1999, you were informed that there was a
2 posting that was available at the PMO Office?

3 MR. MANGANIELLO: Yes, sir.

4 MR. COURNOYER: And you obtained that job as ---

5 MR. MANGANIELLO: Yes.

6 MR. COURNOYER: --- Press Secretary or what would be
7 the ---

8 MR. MANGANIELLO: I was a Press Office Assistant.

9 THE COMMISSIONER: Press Officer Assistant?

10 MR. MANGANIELLO: Press Office Assistant.

11 THE COMMISSIONER: Press Office Assistant.

12 MR. COURNOYER: And would you care to briefly describe
13 to us what your job required you to do?

14 MR. MANGANIELLO: It was basically taking care of the
15 day-to-day operations at the press office, making sure that
16 press releases and everything that came out of the Prime
17 Minister's Office went to the proper parties.

18 MR. COURNOYER: So this explains why so many people
19 seem to know you around the Commission?

20 MR. MANGANIELLO: Yes, sir.

21 MR. COURNOYER: Because many of those people have met
22 you on the Hill?

23 MR. MANGANIELLO: Yes, sir.

24 MR. COURNOYER: Okay. In August 2002, you left the
25 PMO Office to go to work for Mr. Maurizio Bevilacqua?

1 MR. MANGANIELLO: That's right.

2 MR. COURNOYER: Who was then the State Secretary for
3 Financial Institutions?

4 MR. MANGANIELLO: Exactly.

5 MR. COURNOYER: In December 2003, you came back to
6 PMO?

7 MR. MANGANIELLO: Yes, sir.

8 MR. COURNOYER: In what function?

9 MR. MANGANIELLO: As Office Manager.

10 MR. COURNOYER: Which was the same job you previously
11 held or a slightly different one?

12 MR. MANGANIELLO: It was slightly different in the
13 sense that it was more of a liaison role, making sure again, of
14 course, that all press releases and everything go out to the
15 regular people, more of a liaison role between the PCO and PMO
16 as well.

17 MR. COURNOYER: Okay. And since May 2004, you have
18 been responsible to do advance preparation for the PMO?

19 MR. MANGANIELLO: Yes, sir, Media Advance Officer.

20 MR. COURNOYER: Media Advance Officer. Okay.

21 THE COMMISSIONER: So do I understand you are still at
22 the PMO now?

23 MR. MANGANIELLO: Yes, sir, but I am on a leave of
24 absence.

25 MR. COURNOYER: Why are you on a leave of absence,

1 sir?

2 MR. MANGANIELLO: Just ---

3 MR. COURNOYER: Because you are here?

4 MR. MANGANIELLO: Exactly.

5 MR. COURNOYER: Okay. And you are on a leave of
6 absence but with pay?

7 MR. MANGANIELLO: Yes, sir.

8 MR. COURNOYER: Okay. Let's discuss first the
9 question of your political implication. I understand that at
10 the municipal level, you were involved in the political campaign
11 of Mr. Benoît Corbeil?

12 MR. MANGANIELLO: Yes, sir.

13 MR. COURNOYER: In 1993?

14 MR. MANGANIELLO: That's right, sir.

15 MR. COURNOYER: How come you were involved in his
16 campaign?

17 MR. MANGANIELLO: I was asked to give Mr. Corbeil a
18 hand through a friend of mine who was running under the same
19 ticket as Mr. Corbeil.

20 MR. COURNOYER: Who was that person?

21 MR. MANGANIELLO: Mr. Sergio Gentile. He was one of
22 the councillors under the Alliance Plus banner, which was the
23 political party that Mr. Corbeil had formed in the 1993
24 election.

25 MR. COURNOYER: Okay. And prior to your involvement

1 in Mr. Corbeil's political campaign, did you know him?

2 MR. MANGANIELLO: No, I didn't.

3 MR. COURNOYER: What was your role during that
4 political campaign -- municipal political campaign of 1993 in
5 Anjou?

6 MR. MANGANIELLO: Well, being that it was my first
7 official campaign that I worked on, I did everything that was
8 feasible in the sense of volunteering, door-to-door operations,
9 du pointage, everything that related to a campaign.

10 MR. COURNOYER: Were you paid?

11 MR. MANGANIELLO: No, I wasn't.

12 MR. COURNOYER: Did any of your expenses get
13 reimbursed?

14 MR. MANGANIELLO: No, it was all in the City of Ville
15 d'Anjou, so there weren't really that much expenses incurred in
16 the sense of driving around or anything like that.

17 MR. COURNOYER: So you were a full-fledged volunteer,
18 but ---

19 MR. MANGANIELLO: Yes, sir.

20 MR. COURNOYER: --- involved on a full-time basis on
21 the campaign?

22 MR. MANGANIELLO: Yes, sir.

23 MR. COURNOYER: Okay. Were you involved in the
24 Referendum campaign of 1995?

25 MR. MANGANIELLO: Yes, sir, again to a certain degree,

1 in logistics as well.

2 **MR. COURNOYER:** And why did you become involved in
3 that campaign and on whose insistence did you become involved?

4 **MR. MANGANIELLO:** I was approached by, again, Mr.
5 Sergio Gentile to come and give a hand on the Committee for --
6 on the "No" side, which I proceeded to do that.

7 **MR. COURNOYER:** Okay. Coming back briefly on the 1993
8 municipal campaign, how long was the campaign?

9 **MR. MANGANIELLO:** The campaign was in the month of
10 November, if memory serves me right, 1993 and we started working
11 on the campaign in the month of June.

12 **MR. COURNOYER:** Okay. Did you become well acquainted
13 with Mr. Corbeil?

14 **MR. MANGANIELLO:** No, not at that stage of my
15 political career, no. Not yet.

16 **MR. COURNOYER:** Okay. What about 1995?

17 **MR. MANGANIELLO:** Still not yet at that degree.

18 **MR. COURNOYER:** How long were you involved in the "No"
19 campaign in 1995?

20 **MR. MANGANIELLO:** Probably a month and a half, two
21 months maximum.

22 **MR. COURNOYER:** Full time?

23 **MR. MANGANIELLO:** At the beginning part time, and then
24 as we got further and further in the month of October, it became
25 more and more full time.

1 MR. COURNOYER: Were you paid?

2 MR. MANGANIELLO: No, not again.

3 MR. COURNOYER: Were any of your expenses being
4 reimbursed at the time?

5 MR. MANGANIELLO: No.

6 THE COMMISSIONER: This is at the period of time that
7 you were working for the insurance company?

8 MR. MANGANIELLO: Yes, sir.

9 THE COMMISSIONER: And did you take a leave of absence
10 from your employer?

11 MR. MANGANIELLO: No. As being a representative of
12 Sun Life I had really my own hours that I could make.

13 THE COMMISSIONER: So you could continue your job and
14 continue to have a salary but give your services benevolently to
15 the ---

16 MR. MANGANIELLO: Yes, sir.

17 THE COMMISSIONER: --- "No" campaign?

18 MR. MANGANIELLO: Yes, sir.

19 THE COMMISSIONER: You were working for the "No" side?

20 MR. MANGANIELLO: Yes, sir, I was.

21 MR. COURNOYER: What about the campaign of 1997; were
22 you involved in the campaign?

23 MR. MANGANIELLO: Yes, sir, I was.

24 MR. COURNOYER: And how did you become involved in the
25 campaign of 1997?

1 **MR. MANGANIELLO:** At the beginning of the campaign in
2 1997, the first several weeks of the campaign, I was just
3 helping out part time because I was working at Statistics Canada
4 at the time. The last several weeks, I would say two to three
5 weeks of the campaign, I started giving -- I was working full
6 time.

7 **MR. COURNOYER:** And who asked you to become involved?

8 **MR. MANGANIELLO:** Again, it is the same gentleman, Mr.
9 Sergio Gentile, to come and give the Party a hand during the
10 election.

11 **MR. COURNOYER:** Okay. What was Mr. Gentile's role at
12 that time at the Liberal Party?

13 **MR. MANGANIELLO:** In 1997 he was Director of
14 Logistics.

15 **MR. COURNOYER:** For the entire province?

16 **MR. MANGANIELLO:** I would say about 50 ridings,
17 Montreal, the Island of Montreal and everything west of
18 Montreal.

19 **MR. COURNOYER:** Okay. And what was your personal
20 role?

21 **MR. MANGANIELLO:** Again, in logistics.

22 **Me COURNOYER:** So that is your forte?

23 **MR. MANGANIELLO:** Exactly, sir.

24 **MR. COURNOYER:** Both in your professional life and in
25 a political campaign when you are involved?

1 **MR. MANGANIELLO:** Yes, sir.

2 **MR. COURNOYER:** Okay. Were you the sole person who
3 was involved in logistics then at the Liberal campaign during
4 the campaign of 1997?

5 **MR. MANGANIELLO:** No, sir, there were several of us.
6 I would say that we had a team of about maybe half a dozen to a
7 dozen people helping out in logistics.

8 **MR. COURNOYER:** Okay. Does the name Philippe Zrihen
9 ring a bell?

10 **MR. MANGANIELLO:** Yes, sir.

11 **MR. COURNOYER:** Was Mr. Zrihen involved in that
12 campaign?

13 **MR. MANGANIELLO:** Yes, sir, he was.

14 **MR. COURNOYER:** In what capacity or role?

15 **MR. MANGANIELLO:** He was working with me in logistics.

16 **MR. COURNOYER:** And when you say with you, on a daily
17 basis, you mean?

18 **MR. MANGANIELLO:** Yes, sir.

19 **MR. COURNOYER:** Okay. Where were you working during
20 the campaign?

21 **MR. MANGANIELLO:** Well, we were situated, of course,
22 la Permanence, on Crémazie.

23 **MR. COURNOYER:** Crémazie.

24 **MR. MANGANIELLO:** That was our head office where we
25 worked out of. On the sixth floor of la Permanence, that was

1 the political floor. The fifth floor was the logistical floor
2 where everything dealing with logistics was taken care of.

3 MR. COURNOYER: During that campaign, were you paid?

4 MR. MANGANIELLO: In the 1997 campaign, just the last
5 several weeks I was paid, because the first couple weeks of the
6 campaign, I was working more or less part time and then on the
7 weekends.

8 MR. COURNOYER: And when you say that you were paid,
9 at what stage did you start being paid?

10 MR. MANGANIELLO: I am not sure I understand what
11 stage. I got paid the last several weeks of the campaign.

12 MR. COURNOYER: A salary?

13 MR. MANGANIELLO: It was more my expenses that were
14 incurred during the campaign.

15 MR. COURNOYER: And what were the expenses?

16 MR. MANGANIELLO: I can't recall, a few hundred
17 dollars, \$500 or \$600, something like that, gas and traveling
18 around.

19 MR. COURNOYER: Okay. So hotel, gas ---

20 MR. MANGANIELLO: Yes, sir.

21 MR. COURNOYER: --- stuff like that?

22 MR. MANGANIELLO: If memory serves me right, there was
23 one hotel stay in Gatineau.

24 MR. COURNOYER: How were you reimbursed for these
25 expenses?

1 **MR. MANGANIELLO:** I provided the receipts at the
2 office and they were reimbursed through the office.

3 **MR. COURNOYER:** Okay.

4 **THE COMMISSIONER:** By cheque or by cash?

5 **MR. MANGANIELLO:** I was reimbursed by cheque.

6 **THE COMMISSIONER:** I see.

7 **MR. COURNOYER:** A cheque from the Liberal Party?

8 **MR. MANGANIELLO:** Yes, sir, if memory serves me right.

9 **MR. COURNOYER:** And in terms of logistics, could you
10 be more precise about what are the tasks that you accomplished
11 during that campaign? Was there anything different?

12 **MR. MANGANIELLO:** Basically, we were in charge of
13 making sure that all the materials, whether it is red books,
14 flags, posters and each got -- that they all got to the proper
15 ridings and make sure that each riding has the proper backup,
16 whether they needed volunteers for certain events.

17 **MR. COURNOYER:** And during that campaign you weren't
18 paid no salary?

19 **MR. MANGANIELLO:** No, sir.

20 **MR. COURNOYER:** So the election was held on June 2nd in
21 1997. What happened after the election; in terms of did you
22 stay working at the Liberal Party or did you move on?

23 **MR. MANGANIELLO:** No, I was -- at that stage, I was
24 unemployed. After my Stats Canada contract that had expired in
25 the month of -- if I am not mistaken, in the month of April, I

1 was unemployed right after the election until the month, let us
2 say, September or October.

3 **MR. COURNOYER:** What happened in October?

4 **MR. MANGANIELLO:** I went back to work at the Liberal
5 Party.

6 **MR. COURNOYER:** And can you tell the Commissioner in
7 what circumstances you happened to start working at the Liberal
8 Party? Who did you meet? Who hired you?

9 **MR. MANGANIELLO:** I wasn't actually hired at that
10 stage of the game. I was, again, called by a friend of mine,
11 Mr. Sergio Gentile, to come in and give hand for the 1998 bi-
12 annual convention that was going to be held in Ottawa in the
13 month of March.

14 As you are surely aware, there is a lot of preparatory
15 work that has to be done before a convention. I was asked to
16 give a hand and basically, at the beginning, it was all
17 logistics again. I was dealing with making sure that all the
18 different ridings had the proper representation with delegates.

19 So it was part of my task to go from riding to riding
20 to riding to make sure that everything went according to
21 protocol.

22 **MR. COURNOYER:** In 1997, were you paid for any work at
23 the Liberal Party?

24 **MR. MANGANIELLO:** Yes, sir, I was.

25 **MR. COURNOYER:** By the Party?

1 MR. MANGANIELLO: Yes, sir, by cheque.

2 MR. COURNOYER: By cheque ---

3 MR. MANGANIELLO: Yes.

4 MR. COURNOYER: --- from the Liberal Party?

5 MR. MANGANIELLO: Yes, sir.

6 MR. COURNOYER: Okay.

7 And who hired you? Was it Mr. Gentile?

8 MR. MANGANIELLO: No. Mr. Corbeil was the one who
9 officially hired me.

10 MR. COURNOYER: Okay.

11 Can you tell us in what circumstances you met him?
12 Was there an interview?

13 MR. MANGANIELLO: I knew Mr. Corbeil from 1993, as I
14 stated earlier. I had worked with him ---

15 MR. COURNOYER: During the Referendum.

16 MR. MANGANIELLO: --- during the Referendum and then,
17 again, in 1997. If memory serves me right, he was a coordinator
18 in '97 and when you are working in logistics, your job deals
19 with working with the coordinators because they are in charge of
20 certain ridings across the province. So I knew Benoît several
21 years.

22 So there wasn't a question of applying for the job. I
23 knew there was an opening. Mr. Gentile had that position before
24 I did and he became the coordinator, I would say, in the month
25 of August or September 1997. So there was an opening in

1 logistics. I really did everything possible to get that
2 position.

3 **MR. COURNOYER:** Before being involved in the campaign
4 in '97 and being involved in logistics, were you involved in the
5 Party at all, a member? Were you attending the activities of
6 the Party?

7 **MR. MANGANIELLO:** I can't recall. I was not attending
8 any activities of the Party. I just can't recall if, at that
9 stage of the game, I was a Party member. I am not sure if I had
10 actually had a membership card, but definitely, from '97 on,
11 yes.

12 **MR. COURNOYER:** In 1997, you worked for the Party till
13 the end of 1997.

14 **MR. MANGANIELLO:** Yes, sir.

15 **MR. COURNOYER:** What about '98?

16 **MR. MANGANIELLO:** Same thing. At the beginning of
17 '98, I was on the Liberal Party payroll I would say till -- from
18 November of '97 all the way to about November of '98, October or
19 November.

20 **MR. COURNOYER:** And what happened in November of '98?

21 **MR. MANGANIELLO:** Someone else assumed my salary.

22 **MR. COURNOYER:** And who was that someone else?

23 **MR. MANGANIELLO:** Pluri Design.

24 **MR. COURNOYER:** And can you tell the Commissioner in
25 what circumstance this assuming of paying your salary, if I may

1 use the expression, took place?

2 **MR. MANGANIELLO:** I would say late -- early fall --
3 early fall 1998, Mr. Corbeil walked into my office and informed
4 me that the Liberal Party was in dire straits financially and he
5 wasn't sure if they would be able to continue paying my salary.

6 However, he also assured me that -- not to worry, that
7 he would do everything possible to keep me on the payroll and to
8 keep me working at the Liberal Party because my job was required
9 -- was essential for all the administration.

10 **MR. COURNOYER:** And?

11 **MR. MANGANIELLO:** I would say maybe several days later
12 or a week later, I was informed by Mr. Corbeil that Pluri Design
13 would assume my salary. They would be paying my salary, but I
14 would continue working at the Liberal Party.

15 **MR. COURNOYER:** Did you ever work at Pluri Design?

16 **MR. MANGANIELLO:** No, sir.

17 **MR. COURNOYER:** You never went or attended their
18 business premise?

19 **MR. MANGANIELLO:** Yes, I attended their business
20 premise to pick up coprolasts and posters, all logistical
21 equipment that I needed for my job, but I never worked there one
22 whole day per se or had an office there. I would just go down
23 to pickup whatever I needed.

24 **MR. COURNOYER:** Did Mr. Corbeil explain to you why it
25 was Pluri Design or what was the arrangement or why they were

1 paying for your services?

2 **MR. MANGANIELLO:** No, he didn't tell me why, but in
3 all fairness, I didn't ask why either. Keep in mind, he was my
4 superior at the time. He walked into my office and he told me.
5 I was happy that I still had a job. So he informed that Pluri
6 Design would be the one that would be paying my salary, and that
7 was that. I didn't question anything any further and he was my
8 superior at the time and I just assumed that everything was
9 okay.

10 **MR. COURNOYER:** I ---

11 **THE COMMISSIONER:** Did they pay you the same salary
12 that you had been receiving?

13 **MR. MANGANIELLO:** No, sir. I was paid a little bit
14 more. I was being paid by Pluri Design \$32,000 a year.

15 **MR. COURNOYER:** Okay.

16 So we can -- and I will ask to identify those
17 documents, Mr. Manganiello.

18 **MR. MANGANIELLO:** Yes, sir.

19 **MR. COURNOYER:** At page 5 of volume P-460, we have
20 your T-4 for the year 1998 and the amount seems to be \$4,846.16.
21 So Pluri Design was paying in the later part of 1998.

22 **MR. MANGANIELLO:** Yes, sir.

23 **MR. COURNOYER:** And with respect to 1999 -- do you
24 recognize that T-4?

25 **MR. MANGANIELLO:** Yes, sir.

1 MR. COURNOYER: Yes. And it is yours?

2 MR. MANGANIELLO: Yes, sir.

3 MR. COURNOYER: And that is the money that you
4 received from Pluri Design?

5 MR. MANGANIELLO: Yes, sir.

6 MR. COURNOYER: Did you receive any other money ---

7 MR. MANGANIELLO: No.

8 MR. COURNOYER: --- from anyone ---

9 MR. MANGANIELLO: No, sir.

10 MR. COURNOYER: --- for the work you were performing
11 for the Liberal Party?

12 MR. MANGANIELLO: No, sir, I didn't.

13 MR. COURNOYER: And page 104, I think we have there
14 your T-4 for 1999. Do you recognize that T-4?

15 MR. MANGANIELLO: Yes, sir.

16 MR. COURNOYER: That is yours?

17 MR. MANGANIELLO: Yes, sir.

18 MR. COURNOYER: The amount that we see there is
19 \$23,000 and some. You were saying that you were paid \$32,000?

20 MR. MANGANIELLO: Yes, sir, \$32,000 a year.

21 MR. COURNOYER: What is -- why is ---

22 MR. MANGANIELLO: I resigned in the month of August of
23 1999. So this would be the T-4 just from January to August.

24 MR. COURNOYER: Okay.

25 Why did you resign?

1 **MR. MANGANIELLO:** I resigned because I wanted to move
2 out to Ottawa in the hope of getting a position with a Member of
3 Parliament or a Minister.

4 **MR. COURNOYER:** Okay.

5 So that full time, you were paid by Pluri Design, but
6 you solely worked for the PLCQ?

7 **MR. MANGANIELLO:** Yes, sir.

8 **MR. COURNOYER:** Okay. When the proposition was made
9 by Mr. Corbeil, did you find it curious or I mean, I will say --
10 I will use the work bizarre or I mean ---

11 **MR. MANGANIELLO:** No, again, as I stated earlier, I
12 did not find anything bizarre. I was happy that someone had
13 assumed my salary because I thought I was going to lose my job
14 at the Liberal Party. But, again, he was my superior. So when
15 he approached me and told me that Monsieur Corriveau of Pluri
16 Design would pay my salary, I just assumed everything is okay
17 and I knew Monsieur Corriveau was being someone involved with
18 the Liberal Party. I met him in 1997 in my role in logistics.
19 So I didn't think anything of it.

20 **MR. COURNOYER:** And you -- when you were told of that
21 proposition by Mr. Corbeil, you already knew Mr. Corriveau?

22 **MR. MANGANIELLO:** Yes, sir.

23 **MR. COURNOYER:** Okay.

24 Did you ever speak to Mr. Corriveau about this -- the
25 fact that he was paying your salary?

1 MR. MANGANIELLO: No, sir, I didn't.

2 MR. COURNOYER: At no point whatsoever you had the
3 discussion?

4 MR. MANGANIELLO: Not that I can recall.

5 MR. COURNOYER: Did you say thank you or ---

6 MR. MANGANIELLO: Possibly, but I just can't recall.
7 As I stated in my will say, when I actually went down to sign
8 the papers at Pluri Design, Mr. Corriveau wasn't there. I had
9 signed them. It was a simple banking information -- a little
10 one-page banking information, my name, phone number, basic
11 information and that was it. Then I signed it with his
12 secretary, Lise, I believe her name was.

13 THE COMMISSIONER: And that allowed them to deposit
14 your paycheque into your bank account?

15 MR. MANGANIELLO: Exactly, sir. Every two weeks, it
16 was deposited into ---

17 THE COMMISSIONER: So the cheque -- the money just
18 appeared in your bank account periodically.

19 MR. MANGANIELLO: Yes, sir, exactly.

20 MR. COURNOYER: And was there any change to the type
21 of work you were doing at the Liberal Party during that whole
22 period of time?

23 MR. MANGANIELLO: No, sir. It was the same. I was
24 the Director of Logistics at that point.

25 MR. COURNOYER: Who did you work with on a daily

1 basis?

2 **MR. MANGANIELLO:** Oh, of course, that would depend on
3 what activity I had coming up. Most of the time, I worked with
4 my coordinators at the Liberal Party.

5 **MR. COURNOYER:** Who?

6 **MR. MANGANIELLO:** Either, it was Sergio or Mr. Corbeil
7 or Patrick Lebrun or Marc Lavigne, whoever the coordinator was.
8 In '98, there were several of them. In '99, there were
9 different ones. So I would work in close collaboration with
10 whoever the coordinator was at the time to make sure that
11 whatever events are being held in the riding, they have the
12 proper logistical backup.

13 **MR. COURNOYER:** To your knowledge, Mr. Manganiello,
14 were there any other people who had a similar arrangement as
15 yours?

16 **MR. MANGANIELLO:** Yes, sir. There is another
17 gentleman who had the same arrangement as I did.

18 **MR. COURNOYER:** Who is that person?

19 **MR. MANGANIELLO:** Mr. Philippe Zrihen.

20 **MR. COURNOYER:** This is the gentleman that you alluded
21 to earlier in your testimony.

22 **THE COMMISSIONER:** Could we have a spelling of the
23 family name, please?

24 **MR. COURNOYER:** Z-R-I-H-E-N?

25 **MR. MANGANIELLO:** Yes, sir, that's it.

1 **THE COMMISSIONER:** You understand why I didn't get it
2 the first time? Z-R-I-H-E-N?

3 **MR. COURNOYER:** Yes.

4 **THE COMMISSIONER:** Thank you.

5 **MR. COURNOYER:** And I think, Mr. Commissioner, that at
6 page 102 of Volume P-460, Mr. Zrihen's name is two names below
7 Mr. Manganiello's name.

8 **THE COMMISSIONER:** Philippe.

9 **MR. COURNOYER:** Yes. And is Mr. Zrihen bilingual,
10 francophone, anglophone?

11 **MR. MANGANIELLO:** Yes, he is bilingual. Yes.

12 **MR. COURNOYER:** Okay. With respect to expenses, I
13 understand that we have copies of expenses that were paid by the
14 Liberal Party in 1998 and 1999.

15 **MR. MANGANIELLO:** Yes, sir.

16 **MR. COURNOYER:** These expenses were separate from the
17 salary ---

18 **MR. MANGANIELLO:** Yes, sir.

19 **MR. COURNOYER:** --- that was given to you by Pluri
20 Design?

21 **MR. MANGANIELLO:** Yes, sir.

22 **MR. COURNOYER:** Were you involved in the bi-election
23 of 1998 in the riding of Sherbrooke?

24 **MR. MANGANIELLO:** Yes, sir. I was.

25 **MR. COURNOYER:** What did you do?

1 MR. MANGANIELLO: Again, my role was in logistics.

2 MR. COURNOYER: And who did you have to work with
3 during that campaign?

4 MR. MANGANIELLO: I worked closely the riding itself,
5 of course, and our own volunteers that we had -- usually young
6 volunteers,

7 [TRANSLATION]

8 "Young Liberals,"

9 [ENGLISH]

10 and liberals who would come and give us a hand in the riding.

11 MR. COURNOYER: Did you have to work during that
12 campaign with Mr. Renaud?

13 MR. MANGANIELLO: Yes, he was there during that
14 campaign in 1998. I saw him several times in Sherbrooke.

15 MR. COURNOYER: Was Mr. Corbeil involved?

16 MR. MANGANIELLO: Yes, sir, he was involved. If I am
17 not mistaken, I think he was in charge of the campaign itself.

18 MR. COURNOYER: And was Mr. Michel Béliveau involved?

19 MR. MANGANIELLO: Yes, he was. He was there as well.

20 MR. COURNOYER: Okay. With respect to the financing
21 of that campaign, did you notice or were you aware of any cash
22 contributions or cash payments that may have been done during
23 that bi-election?

24 MR. MANGANIELLO: No, I was not aware of any cash.

25 The only thing that -- as I informed the Commission lawyers --

1 was that Monsieur Renaud paid Mr. Zrihen, I think it was \$400-
2 \$500 for some computer equipment that we had to purchase for a
3 specific -- for a campaign and that, if I am not mistaken, came
4 up to maybe a few hundred dollars and the rest went to some of
5 the volunteers who had put up the signs - the signs at night.
6 So, it was the only time that I saw anything like cash money.

7 **MR. COURNOYER:** Okay. So, Mr. Renaud used cash money
8 to pay for the buying of electrical wires and computer wires ---

9 **MR. MANGANIELLO:** Exactly, sir.

10 **MR. COURNOYER:** --- in the amount of \$400-\$500?

11 **MR. MANGANIELLO:** No, it was -- the amount that he had
12 given away was about \$400-\$500 but the actual amount of what we
13 bought computer-wise was about maybe \$300, which was -- the
14 bills were given to Mr. Corbeil and the balance of the money
15 went to some of the young volunteers who had put up the signs
16 throughout the night.

17 **MR. COURNOYER:** And that was cash money?

18 **MR. MANGANIELLO:** Yes, sir.

19 **MR. COURNOYER:** Okay. Did you, at any point, either
20 during the summer of 1998 or during the bi-election campaign in
21 Sherbrooke use a truck or a van belonging to Groupaction?

22 **MR. MANGANIELLO:** Not at that time. I used a van from
23 Groupaction, it was after the Sherbrooke bi-election.

24 **MR. COURNOYER:** After the Sherbrooke bi-election?

25 **MR. MANGANIELLO:** Yes, sir.

1 MR. COURNOYER: During the summer of 1998 and the bi-
2 election, you were using your own car?

3 MR. MANGANIELLO: Yes, sir.

4 MR. COURNOYER: Which was a truck?

5 MR. MANGANIELLO: Yes, sir, a van.

6 MR. COURNOYER: A van and who was paying for your
7 expenses?

8 MR. MANGANIELLO: I was getting -- only the gas was
9 being paid at the time.

10 MR. COURNOYER: And who was paying you?

11 MR. MANGANIELLO: The Liberal Party. All my expenses
12 in terms of gas, I would hand it in to the Liberal Party and
13 they would pay my gas.

14 MR. COURNOYER: How?

15 MR. MANGANIELLO: By cash.

16 MR. COURNOYER: Cash?

17 MR. MANGANIELLO: Yes, sir.

18 MR. COURNOYER: And all in all, we have records of
19 some ---

20 THE COMMISSIONER: Who was giving you that cash -- I
21 am sorry -- to reimburse you for your expenses?

22 MR. MANGANIELLO: Well, the Liberal Party, if I would
23 gas up, I would bring the receipts back to the office and the
24 person in charge of accounting would refund me or whatever the -
25 --

1 THE COMMISSIONER: They had some sort of a petty cash?

2 MR. MANGANIELLO: Petty cash. That is exactly it, sir.

3 THE COMMISSIONER: M'hm.

4 MR. COURNOYER: And beside those petty cash
5 reimbursements, normally your reimbursement was by cheque?

6 MR. MANGANIELLO: Yes, sir.

7 MR. COURNOYER: All the time?

8 MR. MANGANIELLO: Most of the time. There were a
9 couple of times that they had paid me in cash regarding -- are
10 you talking about my gas bills and stuff like that?

11 MR. COURNOYER: Well, any expenses. I just want to
12 make sure what kind of expenses were reimbursed to you in cash
13 and what kind of money in terms of amount are we talking about?

14 MR. MANGANIELLO: Most of the gas bills were
15 reimbursed by cash, mostly the gas bills. I would say if I had
16 to overnight somewhere that was maybe reimbursed by cheque, but
17 I would say over 90 per cent was all reimbursed by cash.

18 MR. COURNOYER: Okay. Let's come back now to the
19 issue of whether or not, at some point, you used a car belonging
20 -- a car or a van belonging to Groupaction.

21 MR. MANGANIELLO: Yes, sir. That would be in the
22 fall, late fall of 1998 or early fall 1998.

23 MR. COURNOYER: Okay. Can you tell the Commissioner
24 in what circumstances you had to use that car?

25 MR. MANGANIELLO: Yes, sir. It was actually -- it was

1 becoming evident during the Sherbrooke bi-election that I could
2 no longer keep using my car because it was actually too many
3 kilometres that we were putting on the car itself, and I was
4 only being reimbursed the gas, not the wear and tear on the car.
5 During that bi-election, I had to have major car repairs done on
6 my vehicle. So it became obvious, at that time, and I kept
7 mentioning it often to my superiors that we desperately needed a
8 vehicle so that we could function at the rate we were
9 functioning.

10 **MR. COURNOYER:** So what did you do?

11 **MR. MANGANIELLO:** Well, as I said, I approached my
12 superiors. I approached Sergio Gentile along with Mr. Corbeil
13 of this problem that we were having and he assured me that it
14 would be fixed in time.

15 **MR. COURNOYER:** Was it fixed?

16 **MR. MANGANIELLO:** Yes, sir, a couple of months later -
17 - I would say maybe a couple of weeks later or a month later,
18 Mr. Corbeil informed me that there was going to be a van that
19 would be available for me and the van was supplied by
20 Groupaction.

21 **THE COMMISSIONER:** Just tell me the mechanics of it.
22 What did you -- did you have to go and pick it up or did
23 somebody deliver it to you?

24 **MR. MANGANIELLO:** No, not at all, sir.

25 Mr. Corbeil told me exactly where to pick it up. I

1 knew where Groupaction was.

2 MR. COURNOYER: How did you know?

3 MR. MANGANIELLO: I used to go there, I would say
4 maybe a couple of times, two or three times in the year
5 sometimes, as part of my duties and I would go and pick up
6 certain things at different companies and Groupaction was one of
7 the companies that I went and picked up envelopes or things like
8 that.

9 MR. COURNOYER: What kinds of envelopes?

10 (LAUGHTER/RIRES)

11 MR. COURNOYER: Sorry, I had to ask.

12 MR. MANGANIELLO: Thin envelopes.

13 MR. COURNOYER: Thin?

14 MR. MANGANIELLO: Thin, yes, sir, regular envelopes.

15 MR. COURNOYER: Did you ever open any of those
16 envelopes?

17 MR. MANGANIELLO: No, sir, I didn't.

18 MR. COURNOYER: And when did you start retrieving
19 envelopes from Groupaction?

20 MR. MANGANIELLO: Well, like I said, it wasn't
21 something that I had done -- it wasn't a weekly thing, but a
22 couple of times a year?

23 MR. COURNOYER: Well, you were saying two or three
24 times a year.

25 MR. MANGANIELLO: That is right.

1 MR. MANGANIELLO: Beige.

2 MR. COURNOYER: Beige?

3 MR. MANGANIELLO: Yes, sir.

4 MR. COURNOYER: What kind of car was it?

5 MR. MANGANIELLO: Dodge Caravan I think, something
6 like that. It was a van.

7 MR. COURNOYER: And did Mr. Corbeil tell you why it
8 was that Groupaction was making available a van to somebody, a
9 worker from the Liberal Party?

10 MR. MANGANIELLO: No, sir. I just assumed that, after
11 months of me pressuring him that we have to resolve the
12 situation with the transportation, that it had been resolved
13 that way.

14 MR. COURNOYER: But were you surprised that a van was
15 provided by an advertising agency or a communication agency?

16 MR. MANGANIELLO: No, sir. I didn't question it at
17 all. As I said before, when this was presented to me by Mr.
18 Corbeil, he was my superior. So I didn't question it at all. I
19 just believed everything was on the up-and-up since his is my
20 superior.

21 MR. COURNOYER: How long did you use the van?

22 MR. MANGANIELLO: I would say about six, seven, eight
23 months, something like that, six months.

24 MR. COURNOYER: So you had the van for your own use
25 that whole period of time?

1 MR. MANGANIELLO: Yes, sir.

2 MR. COURNOYER: Did the van ever go back to
3 Groupaction?

4 MR. MANGANIELLO: No, sir.

5 MR. COURNOYER: At no point whatsoever?

6 MR. MANGANIELLO: No, sir.

7 MR. COURNOYER: So you had the van for your use?

8 MR. MANGANIELLO: Yes, sir. We have to keep in mind
9 that, in logistics, Mr. Commissioner, your job is not really an
10 eight to four type of job. A lot of the times when you don't --

11 THE COMMISSIONER: I don't think anybody here is
12 questioning the need for a van. It is the source we are looking
13 at.

14 MR. MANGANIELLO: That is right.

15 MR. COURNOYER: So you would take the van to your
16 house and you remained in possession and control of the van for
17 that entire period?

18 MR. MANGANIELLO: Yes, sir.

19 MR. COURNOYER: Were you ever requested to bring it
20 back at any point whatsoever?

21 MR. MANGANIELLO: No, but I wasn't the only one in the
22 party using the van. There was also another one of my
23 assistants who used the van as well too.

24 MR. COURNOYER: Who was it?

25 MR. MANGANIELLO: Mr. Jean Brisebois.

1 **MR. COURNOYER:** And talking about Mr. Brisebois, are
2 you aware if he, at any point whatsoever, had a similar
3 arrangement for his salaries to be paid by Pluri Design?

4 **MR. MANGANIELLO:** I was not aware of that in the past.
5 I was made aware of it ---

6 **MR. COURNOYER:** Since then?

7 **MR. MANGANIELLO:** Since I saw the documents over here.

8 **MR. COURNOYER:** Okay. But prior to seeing a document
9 coming from Pluri Design which established that Mr. Brisebois'
10 salary was also paid by the Liberal Party (sic), that was not
11 information that you had?

12 **MR. MANGANIELLO:** No.

13 **MR. COURNOYER:** Okay. And Mr. Brisebois ---

14 **THE COMMISSIONER:** Was he being paid by the Liberal
15 Party or being paid by Pluri Design?

16 **MR. COURNOYER:** Pluri Design, Mr. Commissioner. If
17 you go to ---

18 **THE COMMISSIONER:** You just said the Liberal Party.

19 **MR. COURNOYER:** Oh, I am sorry. I should not equate
20 the two.

21 **THE COMMISSIONER:** Oh, nice shot.

22 **(LAUGHTER/RIRES)**

23 **THE COMMISSIONER:** It is at page ---

24 **MR. MITCHELL:** I don't bite anymore, Mr. Commissioner.

25 **THE COMMISSIONER:** No. I think you are very patient,

1 Mr. Mitchell.

2 Mr. Jean Brisebois' name follows Mr. Zrihen's name in
3 102.

4 **MR. COURNOYER:** Yes, but we see Mr. Brisebois' name
5 also at page 119.

6 **THE COMMISSIONER:** Yes.

7 **MR. COURNOYER:** So prior to seeing those documents,
8 you weren't aware of that?

9 **MR. MANGANIELLO:** No, I wasn't, sir.

10 **MR. COURNOYER:** And to your knowledge, Mr. Brisebois
11 worked for the Liberal Party at what period of time?

12 **MR. MANGANIELLO:** He started giving us a hand I would
13 say in early 1999. Like so many other young volunteers, he
14 comes in and works several months as a volunteer and eventually
15 you might say in the month of April, May of 1999, it was
16 becoming obvious that -- well, to my superiors that I wanted to
17 move on and do something different and Jean Brisebois I think
18 little by little starting training him in logistics.

19 **MR. COURNOYER:** So basically, when you left, he
20 replaced you?

21 **MR. MANGANIELLO:** Exactly, sir.

22 **MR. COURNOYER:** Okay. And to your knowledge, did he
23 stay in that job for a long period of time? Did you stay in
24 contact with him?

25 **MR. MANGANIELLO:** The next time I ran into Mr.

1 Brisebois would have been at the 2000 bi-election -- I am sorry,
2 2000 bi-annual convention in Ottawa.

3 MR. COURNOYER: Which was in?

4 MR. MANGANIELLO: March or April of 2000.

5 MR. COURNOYER: And he was still working for the
6 party?

7 MR. MANGANIELLO: Yes, he was working for the party.

8 MR. COURNOYER: And with respect to the van, did you
9 bring it back when you left the party to Groupaction?

10 MR. MANGANIELLO: No. It was just handed over to --
11 as I stated earlier, I would say in the month of April, maybe
12 even earlier, in the months of March/April, more and more Mr.
13 Brisebois was assuming more and more of my duties because I was
14 going to be leaving at the end of the summer. So he started
15 using the van, not on a regular basis but when I didn't have it,
16 he had it.

17 MR. COURNOYER: Okay.

18 MR. MANGANIELLO: And eventually when I had left the
19 party, I didn't give the car back to Groupaction. I just gave
20 the keys to Mr. Brisebois.

21 MR. COURNOYER: Okay. Were you involved or did you
22 have any contact with Mr. Antonio Mignacca?

23 MR. MANGANIELLO: I met Mr. Mignacca in 1997 in the
24 federal election. He was a coordinator.

25 MR. COURNOYER: Yes.

1 **MR. MANGANIELLO:** My role with him was basically, of
2 course, he was in charge of different ridings in the election.
3 I would just verify with him whatever his ridings needed,
4 whether it be materials or equipment, things to that degree.
5 That was my relationship with Mr. Mignacca in '97. After that,
6 when I started working at -- when I was actually working at the
7 Liberal Party, Mr. Mignacca was someone that was a peer and he
8 was working at the riding office of Mr. Gagliano and whenever
9 Mr. Gagliano had an activity, whether it be a fundraiser, golf
10 tournament or cocktail, I would call the riding office to see
11 what they required from the Head Office in logistics, of course.

12 **MR. COURNOYER:** Okay. And this was standard procedure
13 with ---

14 **MR. MANGANIELLO:** With all the ridings, sir, and ---

15 **MR. COURNOYER:** With all the ridings?

16 **MR. MANGANIELLO:** Yes, sir, every time there was an
17 activity, whether -- like I stated earlier, whether it be a
18 fundraiser, golf tournament, cocktail, part of my duty was to
19 call the riding and see what they needed.

20 **MR. COURNOYER:** Okay. During the election of 1997,
21 were you in contact with Mr. Mignacca for any tasks or any
22 reasons whatsoever?

23 **MR. MANGANIELLO:** Again, in 1997, he was a
24 coordinator. So whatever tasks that I have done for Mr.
25 Mignacca in '97 were dealing with his riding in the sense of

1 delivery of red books and things like that. So it wasn't -- it
2 was nothing on a political level, more on a logistical level.

3 **MR. COURNOYER:** And in terms of the logistical level,
4 did you have to have any discussion with Mr. Mignacca about
5 expenses, reimbursement of your expenses with him?

6 **MR. MANGANIELLO:** No, sir, not at all.

7 **MR. COURNOYER:** Were there any discussions with
8 respect to the reimbursement of expenses of any other people?

9 **MR. MANGANIELLO:** No, sir, not with Mr. Mignacca.

10 **MR. COURNOYER:** With other people?

11 **MR. MANGANIELLO:** If I had an expense that was
12 occurred during the 1997 election, I would pass that on to Mr.
13 Gentile who passed it on to Mr. Corbeil.

14 **MR. COURNOYER:** Okay. Do you know Mr. Giuseppe
15 Morselli?

16 **MR. MANGANIELLO:** Yes, sir, I do.

17 **MR. COURNOYER:** In what circumstances did you happen
18 to meet him?

19 **MR. MANGANIELLO:** Again, I met Mr. Morselli through
20 some fundraisers or cocktails of Minister Gagliano.

21 **MR. COURNOYER:** When in time did you first meet Mr.
22 Morselli?

23 **MR. MANGANIELLO:** I would say sometime in '98,
24 possibly in the summer of '98, during a fundraiser at Minister
25 Gagliano's or in Minister Gagliano's riding and I have a clear

1 recollection of the only conversation that I ever had with Mr.
2 Morselli. It was that -- he came into the hallway and just
3 wanted to know why there weren't more posters of Mr. Gagliano on
4 the walls. That was the only conversation I ever had with Mr.
5 Morselli.

6 **MR. COURNOYER:** How many posters were there?

7 **MR. MANGANIELLO:** Well, I explained to him there is a
8 protocol to follow. For every two of the Prime Minister, I had
9 one of the Minister.

10 **MR. COURNOYER:** Which seems to make sense?

11 **MR. MANGANIELLO:** Right, and he just ---

12 **MR. FOURNIER:** If you are the Prime Minister.

13 (LAUGHTER/RIRES)

14 **MR. MANGANIELLO:** He just wanted me to put more of
15 Minister Gagliano; that is all.

16 **MR. COURNOYER:** Did you?

17 **MR. MANGANIELLO:** No, sir, I didn't.

18 **MR. COURNOYER:** And were there any other general
19 discussions with Mr. Morselli with respect to logistics beyond
20 the poster issue, if I may use the expression?

21 **MR. MANGANIELLO:** None whatsoever, sir.

22 **MR. COURNOYER:** Did you see or meet Mr. Morselli at
23 the Headquarters of the Liberal Party; and if so, in what
24 circumstances?

25 **MR. MANGANIELLO:** I can't recall seeing Mr. Morselli

1 at the Liberal Party Headquarters. Again, I would run into Mr.
2 Morselli whether it be big golf tournaments, fundraisers, big
3 cocktails across the province. Those are the times I would --
4 more than likely 99.9 per cent of the time, if it was an
5 activity within the Minister's riding, of course.

6 **MR. COURNOYER:** Were you involved at any point
7 whatsoever, starting with your first involvement with the Party,
8 in any activities of financing -- organizing financing
9 activities and so on and so forth?

10 **MR. MANGANIELLO:** No sir, I wasn't.

11 **MR. COURNOYER:** At no point whatsoever.

12 **MR. MANGANIELLO:** At no point in my career.

13 **MR. COURNOYER:** Did you ever receive or were you ever
14 told to transport any cash money for any purpose whatsoever?

15 **MR. MANGANIELLO:** No, sir.

16 **MR. COURNOYER:** And beyond the petty cash
17 reimbursement in cash money that you alluded to, did you at any
18 point whatsoever receive reimbursement of expenses in cash money
19 for expenses in the hundreds or thousand dollars at any point
20 whatsoever?

21 **MR. MANGANIELLO:** No, sir.

22 **MR. COURNOYER:** So all your expenses were paid by the
23 Party or by cheque or by the petty cash money.

24 **MR. MANGANIELLO:** Yes, sir.

25 **MR. COURNOYER:** If I can ask you, Mr. Manganiello, to

1 go to page 3 of the volume that we have, 460? So we have there
2 the total revenue for 1998. So I understand that part of '98
3 was paid by Pluri Design and the other part was paid by the
4 Liberal Party, the \$15,000, on a contractual basis.

5 **MR. MANGANIELLO:** Yes, sir.

6 **MR. COURNOYER:** You weren't an employee, it was a
7 contract?

8 **MR. MANGANIELLO:** Yes, sir.

9 **MR. COURNOYER:** Okay.

10 These are my questions, sir.

11 **MR. MANGANIELLO:** Thank you very much.

12 **MR. COURNOYER:** You may have questions from other
13 people.

14 **THE COMMISSIONER:** Wait a moment, because other people
15 may have questions. Do you have questions, Mr. Mitchell?---

16 **CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. MITCHELL:**

17 **MR. MITCHELL:** Good afternoon, Mr. Manganiello.

18 **MR. MANGANIELLO:** Good afternoon, sir.

19 **MR. MITCHELL:** Doug Mitchell for the Liberal Party of
20 Canada.

21 One crucial question, when you talk about Red Books,
22 we are not talking about Chairman knowledge Red Books.

23 **MR. MANGANIELLO:** No, no, sir.

24 **MR. MITCHELL:** And you described what a press office
25 manager was, but a media advance officer, what is a media

1 advance officer?

2 **MR. MANGANIELLO:** Basically, I am part of a team that
3 prepares the Prime Minister's visits whether it is on a national
4 or international level. I take care basically of the media
5 requirements for specific events.

6 **MR. MITCHELL:** And again, we are talking logistics.

7 **MR. MANGANIELLO:** Yes, sir, logistics.

8 **MR. MITCHELL:** That is your area. You are not in the
9 -- you are not on the strategy side.

10 **MR. MANGANIELLO:** No, sir.

11 **MR. MITCHELL:** Now, you mentioned that it was Mr.
12 Corbeil who told you that you would be paid by Pluri Design;
13 right?

14 **MR. MANGANIELLO:** Yes, sir.

15 **MR. MITCHELL:** And you didn't discuss this with
16 anybody other than Mr. Zrihen whom you went, I understand, to
17 Pluri Design's offices with?

18 **MR. MANGANIELLO:** Yes, sir. That is exactly right.

19 **MR. MITCHELL:** And it was only Mr. Corbeil who told
20 you this?

21 **MR. MANGANIELLO:** Yes, sir.

22 **MR. MITCHELL:** And Mr. Corbeil didn't explain why
23 other than the fact that the Party didn't have any money?

24 **MR. MANGANIELLO:** No, sir. That was the only
25 explanation that he offered me at the time. That the Liberal

1 Party was going through dire straits financially. They wouldn't
2 be able to pay my salary and somebody else, Pluri Design, would
3 assume that salary.

4 **MR. MITCHELL:** And if I understand correctly, the only
5 person in authority that you spoke to about this was Mr.
6 Corbeil?

7 **MR. MANGANIELLO:** Yes, sir, of course.

8 **MR. MITCHELL:** Now, what about Mr. Brault? You said
9 you went to Groupaction's offices from time to time.

10 **MR. MANGANIELLO:** Yes, sir.

11 **MR. MITCHELL:** Who would tell you to go there?

12 **MR. MANGANIELLO:** Either it was Benoît or maybe
13 sometimes Michel, but I would say 90 per cent of the time, it
14 would have been Benoît.

15 **MR. MITCHELL:** And what did Mr. Corbeil tell you about
16 who Groupaction was or who Monsieur Brault was? Did he mention
17 Monsieur Brault?

18 **MR. MANGANIELLO:** No, he didn't mention Monsieur
19 Brault. I never picked up anything particularly from Monsieur
20 Brault. He would just pass by and maybe at the reception.

21 **MR. MITCHELL:** Okay. What did he tell you about
22 Groupaction?

23 **MR. MANGANIELLO:** Nothing at all, sir.

24 **MR. MITCHELL:** When he told you that there would be a
25 van there, this is late '98, from what I understand?

1 **MR. MANGANIELLO:** Yes, sir.

2 **MR. MITCHELL:** And what did he tell you? Did he tell
3 you "This is my friend Jean Brault who is making a gift" what
4 did he say?

5 **MR. MANGANIELLO:** Actually, he didn't say any of that.
6 I knew Groupaction through golf tournaments because they were
7 one of the sponsors on a lot of the golf tournaments. So I had
8 seen their name in various degrees within the Liberal Party. I
9 just assumed that was just another person highly connected
10 within the Liberal Party.

11 **MR. MITCHELL:** And when you say "highly connected" do
12 you mean connected to Benoît Corbeil?

13 **MR. MANGANIELLO:** Well yes, sir, because he was the
14 one that was informing me about these different changes.

15 **MR. MITCHELL:** And again, you didn't ask why they were
16 the ones supplying you with a van?

17 **MR. MANGANIELLO:** No, sir, I did not.

18 **MR. MITCHELL:** And did you tell anyone else at the
19 Party other than Mr. Brisebois that this van belonged to
20 Groupaction?

21 **MR. MANGANIELLO:** It was nothing that we kept secret.
22 It was nothing that even Mr. Corbeil asked me to keep secret.
23 It was open knowledge that it wasn't our van.

24 **MR. MITCHELL:** Now, you are here today. Is it fair to
25 say that you are here today because Mr. Reid -- sorry, I want to

1 go back to one issue. I understand that you worked for the
2 Prime Minister's Office both under Mr. Chrétien and both under
3 Mr. Martin?

4 **MR. MANGANIELLO:** Yes, sir.

5 **MR. MITCHELL:** Do I understand from that that you have
6 stayed clear from leadership politics?

7 **MR. MANGANIELLO:** Yes, sir, I did.

8 **MR. MITCHELL:** You are just a loyal party guy?

9 **MR. MANGANIELLO:** Yes, sir, I am.

10 **MR. MITCHELL:** Yes. Just to come back to our -- I
11 understand that Mr. Reid, Scott Reid who is the Prime Minister's
12 Director of Communications, called you and asked you whether you
13 had received payments from somebody else while you were working
14 at the Party?

15 **MR. MANGANIELLO:** It wasn't exactly that line of
16 question. He just wanted to know if I knew some of the people
17 that were implicated in the Sponsorship, which I informed him of
18 everything that I knew regarding the Sponsorship. He then
19 forwarded all -- that information to Mr. Saunders ---

20 **MR. MITCHELL:** Mr. Saunders being from the Department
21 of Justice?

22 **MR. MANGANIELLO:** Yes, sir. Who then contacted me and
23 that started the first steps which led me to be over here today.

24 **MR. MITCHELL:** Right. They put you in touch with the
25 Commission lawyers. They instructed you that you had to go with

1 this information to Commission counsel, right?

2 MR. MANGANIELLO: Yes, sir.

3 MR. MITCHELL: Thank you. Those are my questions.

4 MR. MANGANIELLO: Thank you.

5 THE COMMISSIONER: Thank you. Do you have questions
6 Mr. Phaneuf?

7 [TRANSLATION]

8 MR. PHANEUF: No, thank you, Mr. Commissioner.

9 THE COMMISSIONER: Mr. Lussier?

10 [ENGLISH]

11 --- CROSS-EXAMINATION BY/CONTRE-INTERROGATOIRE PAR MR. LUSSIER:

12 MR. LUSSIER: Good afternoon, Mr. Manganiello. My
13 name is Sylvain Lussier and I represent the Attorney General.

14 MR. MANGANIELLO: Good afternoon.

15 MR. LUSSIER: You said you were on leave of absence.

16 MR. MANGANIELLO: Yes, sir.

17 MR. LUSSIER: Would it be more correct to say that you
18 are suspended without pay at the present moment?

19 MR. MANGANIELLO: No, sir. I am on a leave of absence
20 with pay.

21 MR. LUSSIER: Suspended with pay?

22 MR. MANGANIELLO: Yes, sir.

23 MR. LUSSIER: That is right, I am sorry. And I
24 understand from Mr. Mitchell's questions that it is at the
25 request of Mr. Reid from the PMO Office that you contacted,

1 through the Department of Justice, lawyers of the Commission.

2 MR. MANGANIELLO: Yes, sir.

3 MR. LUSSIER: And the initial contact was Mr. Reid
4 asking you questions.

5 MR. MANGANIELLO: Yes, sir.

6 MR. LUSSIER: And you said that you only had a
7 conversation with Mr. Morselli once.

8 MR. MANGANIELLO: Yes, sir.

9 MR. LUSSIER: But you did run into him on other
10 occasions.

11 MR. MANGANIELLO: Yes, sir, of course.

12 MR. LUSSIER: Did you ever try to have contacts with
13 Mr. Morselli?

14 MR. MANGANIELLO: No, not at all, sir.

15 MR. LUSSIER: Did you prefer not to have any contacts
16 with him?

17 MR. MANGANIELLO: It wasn't that, that wasn't the
18 issue at all. It wasn't in my position or my role to fraternize
19 with the guests.

20 MR. LUSSIER: What was your perception of his duties?

21 MR. MANGANIELLO: I knew that he was somebody
22 implicated within the Minister's riding, somebody that I should
23 listen to in case he had some special requests especially
24 dealing -- you have to understand when we did the Minister's
25 golf tournament, which was one of the biggest events in Quebec,

1 well there were several people who had their input, let's say,
2 regarding how the event runs out, and Mr. Morselli was one of
3 these people when it came down to the actual golf tournament,
4 things like that. But I dealt mostly with their riding and, at
5 the time if I am not mistaken, her name was Josée, that was in
6 charge of the Minister's riding. So I would say 90 per cent
7 went through her and the times that I required anything else, I
8 would get through my own resources at the Party as well.

9 **MR. LUSSIER:** But who told you that you should listen
10 to Mr. Morselli?

11 **MR. MANGANIELLO:** It is not a question of listening.
12 I knew that he was somebody implicated within the St-Leonard
13 riding, somebody important, let's say.

14 **MR. LUSSIER:** But I am -- using the words you used in
15 your former -- in your previous answer, you said, "I was told
16 that it was somebody that I had to listen to".

17 **MR. MANGANIELLO:** Maybe my term -- my actual wording
18 is a bit off, I didn't mean it the same -- in that aspect. It
19 was more somebody that worked within the Minister -- that worked
20 very closely to the Minister.

21 **MR. LUSSIER:** Okay. And who told you that?

22 **MR. MANGANIELLO:** Mr. Gentile.

23 **MR. LUSSIER:** And did you discuss Mr. Morselli's role
24 with Mr. Gentile?

25 **MR. MANGANIELLO:** No, I didn't.

1 MR. LUSSIER: Did you discuss it with Mr. Corbeil?

2 MR. MANGANIELLO: No, I didn't.

3 MR. LUSSIER: You didn't discuss Mr. ---

4 MR. MANGANIELLO: No, sir.

5 MR. LUSSIER: --- Morselli's role?

6 MR. MANGANIELLO: Not at all.

7 MR. LUSSIER: But he told you that he was implicated
8 with Mr. Gagliano?

9 MR. MANGANIELLO: Yes, that he was a good friend of
10 the minister's.

11 MR. LUSSIER: And did you know Mr. Gagliano?

12 MR. MANGANIELLO: Yes, of course.

13 MR. LUSSIER: But other than his being a political
14 figure ---

15 MR. MANGANIELLO: No, sir.

16 MR. LUSSIER: --- did you know him personally?

17 MR. MANGANIELLO: No, sir.

18 MR. LUSSIER: Did you ever meet with him?

19 MR. MANGANIELLO: No, sir, not that I can recall.

20 MR. LUSSIER: Thank you, Mr. Manganiello.

21 MR. MANGANIELLO: Thank you.

22 THE COMMISSIONER: Is that everything for Mr.
23 Manganiello? No? You thought of something.

24 MR. COURNOYER: Yes.

25 --- RE-EXAMINATION BY/RÉ-INTERROGATOIRE PAR MR. COURNOYER:

1 **MR. COURNOYER:** One point of clarification, Mr.
2 Manganiello. My friend Mr. Lussier asked you about the golf
3 tournament.

4 **MR. MANGANIELLO:** M'hm.

5 **MR. COURNOYER:** What was Mr. Morselli's implication in
6 the organization of those golf tournaments by Mr. Gagliano --
7 golf tournaments of Mr. Gagliano?

8 **MR. MANGANIELLO:** Well, he was one of the ones that
9 provided a lot of the food for the actual golf tournament. If I
10 am not mistaken, he had a ---

11 **MR. COURNOYER:** A company named Buffet Trio?

12 **MR. MANGANIELLO:** Exactly. So his degree of
13 participation is that. I picked up quite a bit of food that was
14 destined for the golf tournament at Buffet Trio.

15 **MR. COURNOYER:** Okay.

16 Was he one of the persons with whom you had to liaise
17 for the organization of the tournament?

18 **MR. MANGANIELLO:** No. It would be more Mr. Mignacca
19 because I knew Mr. Mignacca in '98 and '99. He was working at
20 the riding office itself. So he would be -- my first line of
21 contact would be Mr. Mignacca. Of course, after I spoke to my
22 own coordinator, whoever was in charge of that riding, I would
23 go over the preamble of the event, exactly what they were trying
24 to achieve, and then I would make the initial call to the riding
25 who would provide me a list of names of people who were going to

1 be contributing specific items for the golf tournaments.

2 MR. COURNOYER: Such as?

3 MR. MANGANIELLO: Water, juices, all promotional items
4 in that aspect.

5 MR. COURNOYER: And with respect to water and juices,
6 who was the main provider of those items?

7 MR. MANGANIELLO: Me, I was one of them. We were sent
8 out to go get some water from NAYA, Rougemont for some juices,
9 companies like this.

10 THE COMMISSIONER: But would you be paying for these?

11 MR. MANGANIELLO: No, sir.

12 THE COMMISSIONER: So they were being donated?

13 MR. MANGANIELLO: Yes, sir.

14 THE COMMISSIONER: Do you know by who?

15 MR. MANGANIELLO: I just assumed it was whoever I was
16 picking it up from.

17 THE COMMISSIONER: M'hm.

18 MR. MANGANIELLO: I never questioned that.

19 MR. COURNOYER: And how many years was that the case?

20 MR. MANGANIELLO: For both years that I did the golf
21 tournaments, so '98 and '99. And every riding had more or less
22 a similar type of arrangement in the sense that if you had a
23 golf tournament, there were specific promotional items or food
24 that had to get down to the golf tournament. You would provide
25 this -- I would ask you for this list, you would provide it and

1 I would make sure that everything logistically was brought down
2 to the golf tournament.

3 **MR. COURNOYER:** Okay. With respect to NAYA and the
4 Rougemont or Lassonde juice, were they solely provided for the
5 golf tournament of Mr. Gagliano or for other ---

6 **MR. MANGANIELLO:** No, there were other ones as well.
7 Another one that comes to mind would be the golf
8 tournament of the president of the Party. At the time, it was a
9 Madame Patry. But the largest golf tournament in the Province
10 of Quebec by far was always the Prime Minister's and if I am not
11 mistaken, it was held on two or three different golf
12 tournaments. So there were quite a bit of contributors all the
13 way across, even there as well too.

14 Again, it was always -- I would receive a list, Mr.
15 Commissioner where to go pick up these items, I would go, pick
16 them up, load them in the truck and make sure that they arrived
17 at that ---

18 **THE COMMISSIONER:** You were always given to understand
19 that these were contributions by ---

20 **MR. MANGANIELLO:** Yes, sir.

21 **THE COMMISSIONER:** --- corporate citizens who were ---

22 **MR. MANGANIELLO:** Yes, sir. It was often the case, I
23 would say 99 per cent of the time, there were -- all of the
24 coroplasts that I would pick up at Pluri Design would have one
25 of these companies that sponsored the event, for example, NAYA

1 or Rougemont or whoever.

2 **THE COMMISSIONER:** Just talking about this juice and
3 this water and so on, you wouldn't go and pick this up in the
4 van or would you use a truck?

5 **MR. MANGANIELLO:** Yes, sir, depending on the size of
6 the golf tournaments. There were certain ones especially --
7 those three were the only three that I can clearly recall we had
8 to rent a cube van to load all the stuff; again, being Minister
9 Gagliano, the Prime Minister's and the president of the Party.

10 **MR. COURNOYER:** And would you go directly to NAYA and
11 Rougemont?

12 **MR. MANGANIELLO:** Yes, sir.

13 **MR. COURNOYER:** And who would have made contacts prior
14 to your arrival?

15 **MR. MANGANIELLO:** I have no idea.

16 **MR. COURNOYER:** Okay.

17 Were you aware that NAYA and Rougemont were clients of
18 Groupaction?

19 **MR. MANGANIELLO:** I have no idea -- I had no idea
20 whatsoever. I was just, you know, as I stated earlier ---

21 **THE COMMISSIONER:** But, you know, I am just trying to
22 understand this. This is not -- you are not under attack here
23 but if I drove a cube truck up to the office at NAYA and said
24 "Give me some water", they would say "Who are you coming from?
25 Who are you and why are you ---

1 **MR. MANGANIELLO:** Yes, of course.

2 **THE COMMISSIONER:** You would have to identify yourself
3 to someone?

4 **MR. MANGANIELLO:** Yes, of course, definitely. I would
5 have a contact regarding that. I would show up, I would meet
6 the contact who would proceed and tell me where the rest of the
7 either promotional items or equipment was.

8 **THE COMMISSIONER:** Okay.

9 **MR. COURNOYER:** Thank you.

10 **THE COMMISSIONER:** Is that it?

11 Thank you very much, Mr. Manganiello.

12 **MR. MANGANIELLO:** Thank you, Mr. Commissioner.

13 **THE COMMISSIONER:** Hope you get your job back.

14 **MR. MANGANIELLO:** Thank you.

15 **MR. COURNOYER:** Mr. Commissioner, I have a ---

16 **THE COMMISSIONER:** You have given me an advance alert
17 that maybe we would be happy to leave Mr. Morselli until
18 tomorrow morning.

19 **MR. COURNOYER:** Indeed.

20 **THE COMMISSIONER:** And is that the plan?

21 **MR. COURNOYER:** Yes, sir.

22 **THE COMMISSIONER:** So we are going to have to go and
23 enjoy the sunshine early today; is that the idea?

24 **MR. COURNOYER:** Well, we have worked our way through.

25 **THE COMMISSIONER:** Anyway, your request is granted

1 with ---

2 [TRANSLATION]

3 **MR COURNOYER:** Thank you, Mr. Commissioner.

4 [ENGLISH]

5 **MR. YAROSKY:** With great reluctance.

6 **(LAUGHTER/RIRES)**

7 **THE COMMISSIONER:** Nine thirty (9:30) tomorrow,
8 please.

9 --- Upon adjourning at 3:42 p.m./

10 L'audience est ajournée à 15h42

C E R T I F I C A T I O N

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

I, Johanne Laporte a certified court reporter in the Province of Ontario, hereby certify the foregoing pages to be an accurate transcription of my notes/records to the best of my skill and ability, and I so swear.

Je, Johanne Laporte, une sténographe officiel dans la province de l'Ontario, certifie que les pages ci-hautes sont une transcription conforme de mes notes/enregistrements au meilleur de mes capacités, et je le jure.



Johanne Laporte, CVR-CM