

GILLES-ANDRÉ GOSSELIN

12.1

Introduction and Early PWGSC Contracts

In 1993 Gilles-André Gosselin and his wife, Andrée Côté, incorporated a communication agency under the name Gosselin & Associés Communications Stratégiques Inc. (Gosselin Associés), with the intention of operating it out of their residence in Outremont, a Montreal suburb.¹ Mr. Gosselin had been working for almost two years as Director of Communications for the Canadian Space Agency and had decided to try to earn a living from his own business.²

At the beginning, Gosselin Associés had only modest revenues from a few clients of about \$250,000 gross per year³. Its only personnel were three members of the Gosselin family⁴. But the revenues of its successor corporation, Gosselin Communications Stratégiques Inc. (Gosselin Communications), shot up dramatically in 1997, when it was hired by Public Works and Government Services Canada to manage sponsorship contracts⁵. This increased business arrived on April 28, 1997⁶, only one month after the Gosselin agency moved

its offices to Ottawa⁷ and on the same day that PWGSC announced the agency was qualified to manage advertising and sponsorship contracts on behalf of the Government.⁸ On that same day, Gosselin Associés transferred its assets to Gosselin Communications.⁹ Given the dramatic increase in business, Mr. Gosselin was also persuaded to open a branch office in Quebec City in July 1998, which operated under the direction of Mr. Thiboutot, whose dealings with Mr. Brault were discussed in Chapter XI.¹⁰ The Quebec City office was largely autonomous, except that the Ottawa office did the invoicing for the first six months.¹¹

Mr. Gosselin has known Mr. Guité since 1985, when they were both federal public servants working in the Department of Supply and Services.¹² They lost touch with each other for a few years but became reacquainted in 1991.¹³ When Mr. Gosselin formed Gosselin Associés in 1993, he offered its services to Mr. Guité,¹⁴ who by then had become the Director of the Advertising and Public Opinion Research Sector, and was rewarded for his efforts by a first contract in June 1994 for advice on federal government communications.¹⁵ A second contract, signed in September 1994, retained the services of Gosselin Associés to develop questionnaires for APORS to use in selecting or qualifying advertising and communication agencies for government work. It began as an \$18,000 contract and was amended twice to increase its value to \$76,750.¹⁶ A third mandate was for a \$22,500 study of the Government's method of payment to agencies of record.¹⁷ A fourth contract was in May 1995 for \$47,500 for more questionnaires and participation on selection committees as an “independent expert.”¹⁸

Mr. Gosselin's first Sponsorship Program work was in 1996 as a subcontractor to the Lafleur agency, taking over most aspects of the sponsorship contract for the summer 1997 trip of the Bluenose II up the St. Lawrence River and Seaway.¹⁹ Mr. Guité “suggested” to Jean Lafleur that due to the complexity of the project he should seek the assistance of Mr. Gosselin's agency,²⁰ which at that time was not qualified to handle PWGSC contracts directly.²¹ It is most likely that the suggestion of Mr. Guité was understood by Mr. Lafleur to be more of a directive which he probably would not have followed if he had had any choice in the matter, since the personal relationship between Messrs. Lafleur and Gosselin is described by the latter as complicated and difficult.²²

The Bluenose project turned out to be both demanding and lucrative. In the fiscal year 1996-97, ending before the Bluenose tour began, the Lafleur agency billed PWGSC for 1,043.5 hours of work performed by Mr. Gosselin at \$245 per hour for a total of \$255,657.50.²³ Mr. Gosselin had billed the Lafleur agency at \$110 per hour,²⁴ for a total of \$114,785.²⁵ The summer tour generated another 1,117 hours of work performed by Mr. Gosselin. The Lafleur agency billed a total of 3,549 hours for the project in the name of the Gosselin agency.²⁶

During the planning for the Bluenose tour, Mr. Gosselin met Mr. Guité in Halifax, and in his testimony relates the content of a significant conversation they had there.²⁷ He says that Mr. Guité told him he should move his agency's offices to Ottawa, that he would not be sorry if he did, and that "tu vas avoir plein de contrats" (you'll have lots of contracts).²⁸ Mr. Gosselin takes care to add that Mr. Guité did not indicate that Mr. Gosselin would owe him anything in return.²⁹ Mr. Guité does not deny that they had the conversation or that the question of a move to Ottawa was discussed, but denies that he ever promised Mr. Gosselin that he would be awarded contracts if he moved to Ottawa.³⁰ The version of the conversation given by Mr. Gosselin is more convincing.

Although Mr. Gosselin testifies that the move of his agency's offices to Ottawa was not motivated by what Mr. Guité said to him in Halifax,³¹ there are just too many coincidences and contradictions to make this a credible statement. The evidence is that Ms. Côté was most reluctant to move away from Montreal.³² Nonetheless, on March 26, 1997, Gosselin Associés signed a lease for premises in Ottawa even though it was not then qualified to receive sponsorship contracts from PWGSC. It qualified on April 28, 1997,³³ at the conclusion of a selection process begun in February 1997 by PWGSC's call for tenders.³⁴ Mr. Guité had called Mr. Gosselin to inform him about the call for tenders before it was issued.³⁵ Although Mr. Gosselin does not say so, the decision to relocate the Gosselin agency to Ottawa must have been based on an expectation of sponsorship contracts, once it became qualified.

When he testified, Mr. Gosselin was confronted with documentary evidence indicating that during April 1997, before receiving a letter informing him

of the qualification of his agency,³⁶ he was already working on at least two sponsorship contracts, although they had not yet been signed: one for the Ottawa Tulip Festival, and the other for the Trans Canada Trail project. He attempted at first to deny that work was performed on these projects before April 28,³⁷ and then faced with invoices indicating the contrary, abruptly broke off his testimony, complaining that his health did not permit him to continue.³⁸ He returned to continue his testimony at a later date and finally admitted that work on the two projects had begun well before the qualification letter was received.³⁹

It must be concluded that Mr. Gosselin had been advised by someone, almost surely his friend Mr. Guité, that as soon as his agency was qualified to contract with PWGSC it would be awarded those two contracts. This is exactly what happened—the contracts dated April 28, 1997, are part of a batch of contracts in the total amount of \$985,000 awarded to Gosselin Communications, which began its legal existence on that exact date.⁴⁰ Also on April 28, 1997, Gosselin Communications sent several invoices to PWGSC for work already performed on some of these projects—including the Tulip Festival, which was already under way.⁴¹

Mr. Gosselin's initial reluctance to admit that sponsorship contracts had been promised to him in advance must be understood to indicate that he had had discussions about them with Mr. Guité, which he knows were inappropriate. Mr. Guité also refuses to admit to the discussions, including the promises he made in Halifax that Mr. Gosselin acknowledges.⁴²

12.2

Contract and Billing Irregularities

As mentioned earlier, Gosselin Communications began as a three-person operation, and no permanent employees were added until the end of 1997.⁴³ Additional personnel were obtained by contracting with Ms. Côté's placement agency (CPPC)⁴⁴. Nevertheless, Gosselin Communications invoiced PWGSC for its personnel according to the hourly rates fixed by the sponsorship contract and did not disclose it had subcontracted the work, or the much lower rates

it paid CPPC or what the individual was actually paid.⁴⁵ Both CPPC and Gosselin Communications profited from this irregular billing practice. For example, Geneviève Proulx billed CPPC at \$12 or \$15 per hour. CPPC billed Gosselin Communications \$25 or \$35 per hour; and Gosselin Communications billed Ms. Proulx's time at \$60 per hour.⁴⁶

In late 1997, CPPC branched out into promotional items as “Uni-Com,” subcontracting to Gosselin Communications.⁴⁷ Since Ms. Côté already worked for Gosselin Communications, there was no valid reason for this work to be done by subcontract rather than by Gosselin Communications directly. Although Mr. Gosselin testified that he required that competitive bids be secured from other suppliers for contracts over \$25,000, he is contradicted by his own employees. Only two such instances are established by documentary evidence. In any case, the other bids were invariably higher, and Uni-Com always won the subcontract. It is fair to conclude that the search for competitive prices was half-hearted. Uni-Com earned a 20% to 40% markup on the promotional items supplied to Gosselin Communications,⁴⁸ giving CPPC \$526,833 of its gross revenues of \$617,833 for January 1, 1998, to October 1, 1998, when its shares were sold by Ms. Côté.⁴⁹

The many sponsorship contracts awarded to Gosselin Communications in 1997-98 totalled \$7,066,293.⁵⁰ In the next fiscal year, prior to its October 1998 sale, Gosselin Communications received \$14,094,976 in sponsorship contracts.⁵¹ Although there were many instances of improper invoicing, most often related to falsified or exaggerated records of the time spent on a file, it should be noted that Mr. Gosselin made an effort to fulfill his agency's sponsorship contracts in a more systematic manner than was the case of the Lafleur agency. For example, he took care to sign an agreement with the promoter of each event. He had a clear conception of what services should be covered by the agency commission of 12%, and did not attempt to charge for the time spent in preparing post-mortem reports to the client, or for routine inspections of the visibility given to the Government at the event being sponsored.⁵²

The testimony of Josée Thibeau-Carrier, the accountant who prepared the Gosselin agency accounts for the Ottawa office and the Quebec City office for its first six months,⁵³ is most revealing. She was hired as an independent contractor in July 1997.⁵⁴ She says that all invoicing was done under Mr. Gosselin's supervision.⁵⁵ Ms. Thibeau-Carrier says that records of the time spent by Mr. and Mrs. Gosselin on the various sponsorship contracts were not maintained on a daily basis, and it was left to her to complete time sheets for them based on their agendas or what they told her, sometimes several days later.⁵⁶ When two new vice-presidents, Wendy Cumming and Enrico Valente, first joined the firm, they did not bother to fill out time sheets either.⁵⁷ However, time records were maintained on a more systematic basis in 1998, at the request of someone at PWGSC.⁵⁸

The absence of accurate time records may not have complicated the billing process, since Ms. Thibeau-Carrier testifies that sometimes the hours worked on a file were increased to match the full amount allowed by the PWGSC contract.⁵⁹ She gives specific examples, and says that her instructions came from Mr. Gosselin and the vice-presidents.⁶⁰ She would also increase the hours recorded to cover the costs of restaurant meals which could not otherwise be billed.⁶¹ Mr. Gosselin admits this latter practice, and says that he was explicitly told to do so by Mr. Guité.⁶²

Ms. Thibeau-Carrier also testifies that she would transfer excess time charges from one file to another, based on the maximum amount allowed on each file.⁶³ She says this was done with the knowledge and consent of Huguette Tremblay at PWGSC.⁶⁴ Mr. Gosselin denies that his agency billed improperly or that it exaggerated time actually worked,⁶⁵ but his credibility on these issues is adversely affected by his admission that he recorded and billed PWGSC for the astounding total of 3,673 hours in 1997-98, more than ten hours for each day in the year.⁶⁶ Considering the additional time that would have been required to move his business to Ottawa and for non-billable administration on client files,⁶⁷ his serious illness for part of the year,⁶⁸ that the PWGSC contracts began April 28, 1997, a month after the start of the fiscal year, and that that some of his time should have been covered by the 12% commission earned on every sponsorship contract,

Mr. Gosselin's claim that those 3,673 hours were actually worked and legitimately billed is rejected as incredible.⁶⁹ It is an obvious exaggeration and serves as confirmation that the agency regularly billed PWGSC for hours which had not in fact been worked.

There is no evidence that the personnel at PWGSC ever questioned any of the invoices of Gosselin Communications, or required validation of the hours of work which it was charging.

12.3

The Ottawa Senators Contract

Like Mr. Lafleur, Mr. Gosselin lent his cooperation to the culture of entitlement that fails to see that there is something wrong when politicians and public servants benefit personally from the expenditure of public funds for which they are responsible.

On October 1, 1997, PWGSC mandated Gosselin Communications to manage the sponsorship of the Ottawa Senators hockey team, which was, according to the contract, to receive \$355,000 for the visibility given to the federal government in various ways at games played at the Corel Centre.⁷⁰ The agency commission of 12% foreseen by the contract was \$42,600, together with fees and production costs estimated at \$190,000.⁷¹

Mr. Gosselin immediately commenced negotiations with the owners of the hockey club to confirm the sponsorship and to work out a mutually acceptable visibility plan. When the resulting contract dealing with these matters was signed on October 16, 1997,⁷² a second contract bearing the same date confirmed the lease by Gosselin Communications of one-third of what is usually referred to as a "luxury box" for two seasons, together with related catering services.⁷³ Although the lease does not stipulate the cost of the rental, later invoices show it to be \$33,000.⁷⁴ The catering cost, also billed to PWGSC, is \$27,000.⁷⁵

Mr. Gosselin testifies that the actual cost of the visibility purchased by PWGSC for \$350,000 (there is no explanation for the difference of \$5,000 between the price given in the sponsorship contract and what is stipulated in the visibility plan) was \$290,000⁷⁶ and that the remainder of \$60,000 was to cover the cost of the seats in the box and catering.⁷⁷ In other words, PWGSC, through Gosselin Communications, was purchasing seats in the box and treating the cost as part of the sponsorship. His testimony is corroborated by documentation prepared by the hockey club prior to the signature of the visibility plan, which indicates clearly that the cost to be paid by the Government for the visibility it was to receive in the 1997-98 season was \$290,000, to increase to \$310,000 in the following season of 1998-99,⁷⁸ when it was anticipated the sponsorship would be fixed at \$370,000.⁷⁹

Mr. Gosselin testifies that it was Mr. Guité's explicit request that seats at the Senators hockey games be made available to him and to his guests in this manner.⁸⁰ Other evidence supports his testimony; for example, the schedule of the games to be played (see Figure XII-I) at the Corel Centre was sent to Mr. Guité and he was given first choice for tickets.⁸¹ It was only when Mr. Guité did not want the tickets or did not give the tickets to guests of his choosing, that guests selected by Gosselin Communications would use them.⁸²

Figure XII-1: Fax from Mr. Gosselin regarding Corel Centre events

1997-1998 OTTAWA SENATORS THIRD SEASON PACKAGES			
PACKAGE F			
SEPT (pre season)			
FRI	26	BUFFALO	7:30
OCT			
SUN	19	DALLAS	7:30
THUR	23	FLORIDA	7:30
NOV			
SAT	8	PHILADELPHIA	7:30
MON	17	BOSTON	7:30
SAT	22	EDMONTON	7:30
DEC			
THUR	4	LOS ANGELES	7:30
THUR	18	CAROLINA	7:30
JAN			
MON	26	TAMPA BAY	7:30
THUR	29	NYR	7:30
FEB			
MON	2	NEW JERSEY	7:30
SAT	7	PITTSBURGH	7:30
MAR			
SAT	7	CALGARY	7:30
WED	18	NYI	7:30
APR			
THUR	16	MONTREAL	7:30

Other events: (1997-98)

Edmonton - 4th Nov 97

Lord of the Dance

Dec-1st

Backstreet Boys Jan 2

Foillets de transmission par télécopieur		Date	# of pages
Post-it® Fax Note		718	1
To / À	From / De	Co. / Dept. / Cie / Service	Co. / Cie
J.C. Guite	G-A Gosselin		
Phone # / N° de tél.	Phone # / N° de tél.	Fax # / N° de télécopieur	Fax # / N° de télécopieur
		952-1003	290

What is clearly established, beyond any serious possibility of contradiction, is that the Government of Canada paid for the cost of free tickets in luxury boxes to hockey games at the Corel Centre, together with refreshments and food, and that the tickets were used either by guests designated by Mr. Guité or for business promotion by Gosselin Communications, and the personal pleasure of its employees. No objective of the Sponsorship Program was achieved by the distribution and use of these free tickets.

The abuse of public funds at the Corel Centre was increased in the 1998-99 season. Mr. Gosselin says that Mr. Guité asked that a full box be leased, in a more prestigious location.⁸³ This was accomplished by leasing to Gosselin Communications the box that in the previous season had been used by the owners of the hockey team themselves.⁸⁴ The cost of the lease increased to \$100,000 and was again disguised as part of the amount paid to the Ottawa Senators as a sponsorship.⁸⁵

It became customary to have a representative of Gosselin Communications present in the box to receive the ticket-holders and to see that their comfort was assured.⁸⁶ In the 1998-99 season, Mario Parent, who by now had left the public service to work for Gosselin Communications shortly before it was purchased by Groupaction,⁸⁷ was assigned this task.⁸⁸ He testifies that he was on duty at the Corel Centre box throughout the hockey season and charged the hours spent there as time worked.⁸⁹ Those hours were in due course invoiced to PWGSC as fees or production costs.⁹⁰

Mr. Guité categorically denies that the box at the Corel Centre was leased and paid for by PWGSC or that he had anything to do with the arrangements described by Mr. Gosselin.⁹¹ He acknowledges that he and members of his family used the box on a few occasions,⁹² and that some of the personnel at CCSB were given tickets to hockey games by Gosselin Communications,⁹³ but he says that the box and the tickets were bought and paid for by Gosselin Communications,⁹⁴ and that when he and his friends and family went to the Corel Centre, they did so as guests of Mr. Gosselin.⁹⁵

The documentary evidence supporting Mr. Gosselin's testimony, and the corroborating testimony of Mr. Parent and Mr. Valente, who replaced Mr. Parent on a few occasions, are decisive. Mr. Guité's claims are rejected. He used sponsorship funds to make hockey tickets in a luxury box at the Corel Centre available to himself and to his guests, including PWGSC personnel, senior public servants such as Roger Collet, and politicians such as Don Boudria and Denis Coderre.

The distribution of favours in this way is not in accordance with the ethical principles which Treasury Board expects public servants to follow.

12.4 Politics and Friendship

There is no evidence that political considerations influenced the awarding of sponsorship contracts to Gosselin Communications. Indeed, the evidence shows that although Mr. Gosselin reluctantly made a few modest contributions to the Liberal Party,⁹⁶ in general he resisted pressures put upon him to make political contributions to the party in power as a means of currying favour, a practice that he disliked intensely.⁹⁷ In fact, when he began to hire employees in 1998 because of the flood of new business, he says he had to hide from them the essentially political objective of the Sponsorship Program, namely influencing voters to favour the federalist option by giving them a better perception and understanding of the federal role, particularly in Quebec.⁹⁸ He testifies that if this objective had been openly stated, two-thirds of his personnel would have resigned.⁹⁹ Mr. Gosselin clearly did not think of his agency as one that was “Liberal friendly.”

However, at about the time the Gosselin agency was awarded the 1994 and 1995 contracts, the relationship between Mr. Guité and Mr. Gosselin and their wives had evolved into a warm friendship. The two couples shared meals at their respective residences about ten times a year, according to Ms. Côté.¹⁰⁰ It is safe to conclude that their friendship was at least one of the reasons for the sudden prosperity of Gosselin Communications and the Gosselin family starting in 1997, another being Mr. Gosselin's willingness to cooperate in

the making of dubious arrangements like the PWGSC luxury box included in the Ottawa Senators sponsorship. In exchange, Mr. Gosselin and his wife earned revenues in a short period of time greater than anything they could have ever imagined.

It is therefore improbable that the reason contracts were awarded to Gosselin Communications was the skill and expertise of Mr. Gosselin and his employees, or that these factors were important considerations, in spite of the fact that they should have been. In fact, Mr. Gosselin learned a few years later that his friendship with Mr. Guité would, once Mr. Guité had left the Communication Coordination Services Branch, be insufficient to ensure the continuation of contracts directed to his agency. On September 15, 1999, after Mr. Gosselin had sold his agency to Jean Brault's company, he had breakfast at the Château Laurier in Ottawa with Jean-Marc Bard, who was Mr. Gagliano's Executive Assistant.¹⁰¹ The purpose of their meeting was to discuss the drop in the volume of business given by PWGSC to the Gosselin agency, which affected the bonus arrangements Mr. Gosselin had negotiated with Mr. Brault.¹⁰² Mr. Gosselin had earlier raised the subject with Pierre Tremblay, who had just replaced Mr. Guité at CCSB, and Mr. Tremblay had told him to speak to Mr. Bard, who was, according to him, the person making all the decisions.¹⁰³

At their breakfast meeting, Mr. Bard was characteristically blunt. Mr. Gosselin, who has a very clear recollection of their meeting, quotes him as follows:

Tes adversaires t'ont cassé la gueule et si tu continues comme ça là, c'est la mâchoire qu'ils vont t'arracher.

[Unofficial Translation]

Listen, your opponents have punched you in the face. Okay? And if you continue what you're doing, they're going to rip it off.¹⁰⁴

Mr. Gosselin interpreted these words to mean that he was not a Liberal insider, and that to be an insider he would have to be a supporter of the Liberal Party,¹⁰⁵ something that he had resisted except when he surrendered to Diane Deslauriers' repeated telephone requests to purchase a table at a 1998

fundraiser,¹⁰⁶ and the February 1999 \$10,000 contribution arranged by Groupaction on his behalf.¹⁰⁷

What is worth noting is that Mr. Bard did not say that the drop in Mr. Gosselin's fortunes was related to any lack of expertise in handling sponsorship contracts. Instead, he attributed the drop to the machinations of his adversaries. It is also worth noting that Mr. Bard did not protest that he had nothing to do with the allocation of sponsorship contracts, or that he was ignorant of the factors that led to one agency receiving contracts rather than another. One may conclude that the factors were known by Mr. Bard to be mainly political.

12.5

Commissions for Little or No Work

Let us review two examples of the Gosselin agency accepting PWGSC mandates for substantial sums of money for little or no work.

The first example, the television series produced by Robert-Guy Scully's firm L'Information Essentielle and based upon the life of the hockey legend Maurice Richard, is the subject of a detailed analysis in the Report of the Auditor General. It will not be repeated here, but it may be useful to describe what was done or not done by Gosselin Communications to earn a commission of \$132,000.

Mr. Gosselin testifies that he was advised by PWGSC by a fax dated December 18, 1997 (confirmed by a contract bearing the same date), that his agency had been retained to manage a \$600,000 sponsorship to be given to L'Information Essentielle.¹⁰⁸ It would receive a commission for doing so of \$72,000, and would be entitled to charge production costs and fees up to \$10,000 for related work.¹⁰⁹ At the time of receiving the contract, Mr. Gosselin says that he knew nothing about the project.¹¹⁰ He contacted Mr. Scully, but was unsuccessful in working out the terms of the sponsorship agreement and a visibility plan, and says that Mr. Scully was not interested.¹¹¹ This story is consistent with the attitude displayed by Mr. Scully during his own testimony before the Commission.

A second mandate was given to Gosselin Communications relating to the same project on April 1, 1998, the beginning of a new fiscal year.¹¹² This time the sponsorship was, after a series of amendments, for the additional sum of \$575,000, including a commission of \$60,000 and additional production costs and fees.¹¹³

Gosselin Communications billed PWGSC and was paid \$132,000 in commissions and \$19,000 in related fees. Mr. Gosselin was understandably defensive when he was asked what work was done, as he had to admit that his agency's sole contribution to the Maurice Richard series was viewing the television programs to confirm that the Government was recognized properly in the credits, and organizing a cocktail reception at the time the series was launched. He tries to justify the commission paid by saying, “ma compagnie, on était bien disposé à faire un bon travail honnête pour être rémunéré convenablement et que le client nous a dit que ce n'était pas nécessaire” (I was—and my firm, we were quite willing to do a good, honest job and be paid properly for it, but the client told us it wasn't necessary).¹¹⁴ Mr. Scully testifies that Gosselin Communications performed no work at all in the production of the series.¹¹⁵ Whether or not this denial excludes the viewing and the reception, we cannot blame Mr. Gosselin for accepting commissions for little or no work. However, we certainly can criticize the organization of a government program that allowed the payment of commissions for no work. Mr. Guité administered the program, but it was conceived and organized at a higher level in the PMO and Mr. Gagliano's office, and there was simply no oversight of what was going on.

The second example is the January 23, 1998, advertising contract awarded to Gosselin Communications to work with Industry Canada on an advertising campaign in relation to the potential effects on computer systems associated with the arrival of the year 2000.¹¹⁶ The contract foresees the expenditure of \$1,284,000,¹¹⁷ of which \$1,110,000 was nominally for the sponsorship¹¹⁸ but was really for media purchases related to the advertising campaign.¹¹⁹ The sum of \$90,000¹²⁰ was provided for a commission payable to Gosselin Communications, and \$84,000 was for taxes.¹²¹ These amounts were duly billed by Gosselin Communications to Industry Canada on February 23, 1998, exactly one month after the date of the contract.¹²²

Mr. Gosselin testifies that in fact he had nothing to do with the advertising campaign that had been agreed to by Industry Canada and Cossette Communication.¹²³ The problem was that Industry Canada could not contract directly with Cossette because it was not 100% Canadian owned.¹²⁴ Mr. Gosselin says that Mr. Guité was consulted and “solved” the problem by arranging for a contract with Gosselin on the understanding that all the work would be done by Cossette without a formal subcontract.¹²⁵ Cossette billed Gosselin Communications for the media purchases and its commissions,¹²⁶ and Gosselin billed PWGSC as though it had handled the matter itself.

The contract gave Gosselin Communications a fixed amount of \$90,000 as commission even though no work or services were required other than preparation of invoices and the examination of proofs of publication.¹²⁷ Mr. Gosselin maintains he also corrected the texts of the advertisements which he felt were not up to his standards, and says that the people at Cossette were irritated by his revisions.¹²⁸ While we cannot blame Mr. Gosselin for accepting this commission for little or no work, he certainly cooperated with Mr. Guité’s plan to circumvent Treasury Board’s 100% Canadian-owned policy, keeping a substantial portion of the \$90,000 commission for his agency.

The evidence does not disclose whether anyone at Industry Canada was aware that Cossette Communication was ineligible, or was aware of or condoned how Mr. Guité manoeuvred around the problem. The evidence does show that there were problems in processing the Gosselin invoices for payment, that questions were asked about why the contract was for sponsorship rather than advertising, and that Industry Canada was sent a number of Cossette invoices showing that it, and not the Gosselin agency, did the media placement work.¹²⁹

12.6

Financial Results

Effective October 1, 1998, Gosselin Communications sold all of its business and assets to 3522610 Canada Inc.,¹³⁰ a newly created corporation controlled by Jean Brault. For all practical purposes, Mr. Gosselin was employed within Mr. Brault's expanding network of companies until he retired in September 2000, principally due to health problems.¹³¹ At the same time, Ms. Côté sold all of her CPPC shares to the same buyer for \$510,000.¹³² The evidence shows that the buyer made no use of CPPC¹³³ - the sale had nothing to do with CPPC's intrinsic value and was clearly tied to the larger sale.

During the relatively short period when Gosselin Communications was operating autonomously, from April 28, 1997, to October 1, 1998, it handled over \$21 million of sponsorship contracts on behalf of PWGSC, earning \$1.4 million in agency commissions and \$8.2 million in production costs and fees, and was awarded two advertising contracts having a value of \$1.5 million.¹³⁴ This enabled it to pay salaries and bonuses to Mr. Gosselin, his wife and his son in excess of \$3.3 million.¹³⁵ When it sold its assets to Mr. Brault's company in 1998,¹³⁶ Gosselin Communications received a down payment of \$223,979 and the right to participate in future profits, for which Mr. Gosselin received bonuses in the next two years totalling \$281,500.¹³⁷ He was given a contract of employment by which he was entitled to earn a salary of \$200,000 per year.¹³⁸ Clearly, the Sponsorship Program had presented a financial bonanza to Mr. Gosselin and his wife.

Endnotes to Chapter XII

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- ¹ Exhibit P-254, p. 1; Exhibit P-256(A), p. 13.
- ² Testimony of Mr. Gosselin, Transcripts vol. 82, p. 14621 (OF), p. 14608 (E); Exhibit P-256(A), p. 3.
- ³ Exhibit P-428(A), p. 89; Exhibit P-259, p. 206; Exhibit P-254, para. 15.
- ⁴ Exhibit P-254, para. 16.
- ⁵ Exhibit P-257(A), p. 2; Exhibit P-428(A), p. 90.
- ⁶ Exhibit P-257(A), p. 4.
- ⁷ Exhibit P-254, para. 18.
- ⁸ Exhibit P-259, pp. 223-226, 229.
- ⁹ Exhibit P-254, paras. 19, 21.
- ¹⁰ Testimony of Mr. Thiboutot, Transcripts vol. 85, pp. 15059-15062 (OF), pp. 15057-15060 (E).
- ¹¹ Testimony of Mr. Thiboutot, Transcripts vol. 85, pp. 15062, 15093 (OF), pp. 15060, 15088 (E).
- ¹² Testimony of Mr. Gosselin, Transcripts vol. 82, pp. 14619-14620 (OF), p. 14607 (E).
- ¹³ Testimony of Mr. Gosselin, Transcripts vol. 82, pp. 14622-14624 (OF), pp. 14609-14610 (E).
- ¹⁴ Testimony of Mr. Gosselin, Transcripts, vol. 82, p. 14623 (OF), p. 14610 (E).
- ¹⁵ Exhibit P-267.
- ¹⁶ Exhibit P-288, pp. 13, 16, 22.
- ¹⁷ Exhibit P-288, p. 37.
- ¹⁸ Exhibit P-257(A), p. 3; Exhibit P-256(A), p. 239.
- ¹⁹ Exhibit P-254, para. 12.
- ²⁰ Testimony of Mr. Lafleur, Transcripts vol. 75, pp. 13109-13111 (OF), pp. 13103-13105 (E); Testimony of Mr. Gosselin, Transcripts vol. 83, p. 14841 (OF), pp. 14830-14831 (E); Exhibit P-216, p. 45.
- ²¹ Exhibit P-259, pp. 223-226, 229.
- ²² Testimony of Mr. Gosselin, Transcripts vol. 83, p. 14846 (OF), p. 14835 (E).
- ²³ Exhibit P-257(B), pp. 2-3.
- ²⁴ Exhibit P-277(A), pp. 6, 8, 21, 33.
- ²⁵ Exhibit P-257(B), p. 3.
- ²⁶ Exhibit P-257(B), p. 3.
- ²⁷ Testimony of Mr. Gosselin, Transcripts vol. 83, 14838-14840 (OF), pp. 14828-14830 (E).
- ²⁸ Testimony of Mr. Gosselin, Transcripts vol. 83, p. 14839 (OF), p. 14828 (E).
- ²⁹ Testimony of Mr. Gosselin, Transcripts vol. 83, p. 14840 (OF); pp. 14829-14830 (E); Testimony of Mr. Gosselin, Transcripts vol. 88 (Part I), pp. 15505-15506 (OF), pp. 15503-15504 (E).
- ³⁰ Testimony of Mr. Guité, Transcripts vol. 110, pp. 20111-20112 (OE), pp. 20113-20114 (F); Testimony of Mr. Guité, Transcripts vol. 112 (Part I), pp. 20557-20662 (OE), pp. 20562-20567 (F).

- ³¹ Testimony of Mr. Gosselin, Transcripts vol. 82, pp. 14660-14662 (OF), pp. 14644-14645 (E); Testimony of Mr. Gosselin, Transcripts vol. 83, pp. 14838-14839 (OF), pp. 14828-14829 (E).
- ³² Testimony of Mr. Gosselin, Transcripts vol. 82, p. 14662 (OF), p. 14645 (E); Testimony of Mr. Gosselin, Transcripts vol. 83, pp. 14838-14840 (OF), pp. 14828-14829 (E).
- ³³ Exhibit P-259, pp. 223-226, 229.
- ³⁴ Exhibit P-259, p. 23.
- ³⁵ Testimony of Mr. Gosselin, Transcripts vol. 82, pp. 14654, 14658-14660 (OF), pp. 14638-14639, 14641-14644 (E).
- ³⁶ Exhibit P-259, p. 229.
- ³⁷ Testimony of Mr. Gosselin, Transcripts vol. 82, pp. 14662-14665 (OF), pp. 14646-14648 (E).
- ³⁸ Testimony of Mr. Gosselin, Transcripts vol. 84, pp. 14939-14959 (OF), pp. 14928-14955 (E); Exhibit P-277, pp. 87, 89-99.
- ³⁹ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15416-15418 (OF), pp. 15406-15408 (E).
- ⁴⁰ Exhibit P-257(A), p. 4.
- ⁴¹ Exhibit P-272, pp. 7-9.
- ⁴² Testimony of Mr. Guité, Transcripts vol. 110, pp. 20111-20112 (OE), pp. 20113-20114 (F); Testimony of Mr. Guité, Transcripts, vol. 112 (Part I), pp. 20557-20662 (OE), pp. 20562-29567 (F).
- ⁴³ Exhibit P-428(A), p. 92; Exhibit P-254, para. 54.
- ⁴⁴ Testimony of Mr. Gosselin, Transcripts vol. 82, p. 14668 (OF), p. 14651 (E); Exhibit P-254, para. 55.
- ⁴⁵ Exhibit P-428(A), p. 93.
- ⁴⁶ Exhibit P-277(A), pp. 6, 59-79.
- ⁴⁷ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. 14795-14796 (OF), pp. 14789-14790 (E); Testimony of Ms. Côté-Gosselin, Transcripts vol. 84, p. 14982 (OF), pp. 14975-14976 (E); Exhibit P-281, para. 4.
- ⁴⁸ Testimony of Ms. Côté-Gosselin, Transcripts vol. 84, pp. 14983-14984 (OF), pp. 14976-14977 (E).
- ⁴⁹ Exhibit P-275, p. 6; Exhibit P-281, Testimony of Ms. Côté-Gosselin, Transcripts vol. 84, p. 14981 (OF), p. 14974-14975 (E).
- ⁵⁰ Exhibit P-257(A), p. 2.
- ⁵¹ Exhibit P-257(A), p. 2.
- ⁵² Testimony of Mr. Gosselin, Transcripts vol. 83, pp. 14736-14748 (OF), pp. 14735-14746 (E).
- ⁵³ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, p. 15343 (OF), p. 15340 (E).
- ⁵⁴ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, p. 15321 (OF), p. 15320 (E).
- ⁵⁵ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15327, 15343 (OF), pp. 15326, 15340 (E); Testimony of Mr. Gosselin, Transcripts vol. 83, p. 14812 (OF), p. 14805 (E).
- ⁵⁶ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15323-15327 (OF), pp. 15322-15325 (E).
- ⁵⁷ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15323-15324 (OF), p. 15323 (E).
- ⁵⁸ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15324-15326 (OF), pp. 15323-15324 (E).
- ⁵⁹ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15326-15328 (OF), pp. 15326-15327 (E).
- ⁶⁰ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15327-15328 (OF), pp. 15326-15327 (E).
- ⁶¹ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15338-15340 (OF), pp. 15336-15337 (E).

- ⁶² Testimony of Mr. Gosselin, Transcripts vol. 87, p. 15469 (OF), p. 15456 (E).
- ⁶³ Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15340-15342 (OF), pp. 15338-15340 (E).
- ⁶⁴ Exhibit P-286, p. 17; Testimony of Ms. Thibeau-Carrier, Transcripts vol. 87, pp. 15341-15342 (OF), pp. 15337-15340 (E).
- ⁶⁵ Testimony of Mr. Gosselin, Transcripts vol. 87, p. 15469 (OF), p. 15456 (E).
- ⁶⁶ Exhibit P-257(B), p. 2.
- ⁶⁷ Testimony of Mr. Gosselin, Transcripts vol. 84, pp. 14934-14936 (OF), pp. 14931-14933 (E).
- ⁶⁸ Testimony of Mr. Gosselin, Transcripts vol. 84, pp. 14937-14941 (OF), pp. 14934-14937 (E).
- ⁶⁹ Testimony of Mr. Gosselin, Transcripts vol. 84, pp. 14937-14941 (OF), pp. 14934-14937 (E).
- ⁷⁰ Exhibit P-287(A), pp. 2-10.
- ⁷¹ Exhibit P-287(A), p. 10.
- ⁷² Exhibit P-287(A), pp. 13-14.
- ⁷³ Exhibit P-287(A), p. 19.
- ⁷⁴ Exhibit P-287(A), pp. 19, 28.
- ⁷⁵ Exhibit P-287(A), pp. 19, 28, 31-32.
- ⁷⁶ Testimony of Mr. Gosselin, Transcripts vol. 87, p. 15421 (OF), p. 15411 (E); Exhibit P-287(A), p. 65.
- ⁷⁷ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15426, 15437-15438 (OF), pp. 15416, 15426-15427 (E).
- ⁷⁸ Exhibit P-287(A), p. 65.
- ⁷⁹ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15437-15438 (OF), pp. 15426-15427 (E).
- ⁸⁰ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15427-15428 (OF), pp. 15417-15418 (E).
- ⁸¹ Exhibit P-287(A), pp. 21-22.
- ⁸² Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15445-15446 (OF), pp. 15434-15436 (E).
- ⁸³ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15435-15436 (OF), pp. 15425-15426 (E).
- ⁸⁴ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15435-15436 (OF), pp. 15425-15426 (E); Exhibit P-287(A), pp. 118-137.
- ⁸⁵ Exhibit P-287(A), p. 141.
- ⁸⁶ Testimony of Mr. Gosselin, Transcripts vol. 87, p. 15431 (OF), pp. 15420-15421 (E).
- ⁸⁷ Exhibit P-428(A), p. 96.
- ⁸⁸ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. 15392-15393 (OF), pp. 15384-15385 (E).
- ⁸⁹ Testimony of Mr. Parent, Transcripts vol. 87, pp. 15396-15407 (OF), pp. 15388-15398 (E).
- ⁹⁰ Exhibit P-257(B), pp. 21-22.
- ⁹¹ Testimony of Mr. Guité, Transcripts vol. 110, pp. 20063-20064 (OE), p. 20064 (F).
- ⁹² Testimony of Mr. Guité, Transcripts vol. 110, pp. 20073-20075 (OE), pp. 20074-20076 (F).
- ⁹³ Testimony of Mr. Guité, Transcripts vol. 110, pp. 20075-20080 (OE), pp. 20077-20081 (F).
- ⁹⁴ Testimony of Mr. Guité, Transcripts vol. 110, p. 20068 (OE), p. 20069 (F).
- ⁹⁵ Testimony of Mr. Guité, Transcripts vol. 110, pp. 20075, 20085 (OE), pp. 20076, 20086-20087 (F).

- ⁹⁶ Exhibit P-256(A), pp. 274-275; Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4814-I4821 (OF), pp. I4806-I4813 (E).
- ⁹⁷ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4817 (OF), p. I4809 (E).
- ⁹⁸ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4741-I4742 (OF), p. I4740 (E).
- ⁹⁹ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4741 (OF), p. I4740 (E).
- ¹⁰⁰ Testimony of Ms. Côté-Gosselin, Transcripts vol. 84, p. I5013 (OF), pp. I5002-I5003 (E).
- ¹⁰¹ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4822, I4825-I4826 (OF), p. I4814, I4816-I4817 (E).
- ¹⁰² Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4823-I4824 (OF), pp. I4814-I4815 (E).
- ¹⁰³ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4824, I4830 (OF), pp. I4815, I4821 (E).
- ¹⁰⁴ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4826 (OF), p. I4817 (E).
- ¹⁰⁵ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4827 (OF), p. I4819 (E).
- ¹⁰⁶ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4814-I4818 (OF), pp. I4806-I4809 (E); Exhibit P-256(A), p. 274.
- ¹⁰⁷ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4818-I4821 (OF), pp. I4809-I4813 (E); Exhibit P-256(A), p. 275.
- ¹⁰⁸ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4857-I4858 (OF), pp. I4844-I4846 (E); Exhibit P-154, pp. 4-II.
- ¹⁰⁹ Exhibit P-154, p. II.
- ¹¹⁰ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4858 (OF), pp. I4845-I4846 (E).
- ¹¹¹ Testimony of Mr. Gosselin, Transcripts vol. 83, pp. I4857-I4860 (OF), pp. I4844-I4848 (E).
- ¹¹² Exhibit P-154, p. I9.
- ¹¹³ Exhibit P-154, p. 2I.
- ¹¹⁴ Testimony of Mr. Gosselin, Transcripts vol. 83, p. I4886 (OF), pp. I4871-I4872 (E).
- ¹¹⁵ Testimony of Mr. Scully, Transcripts vol. 49, pp. 8549-8550 (OF), pp. 8549-8550 (E).
- ¹¹⁶ Exhibit P-277(B), pp. 3-9.
- ¹¹⁷ Exhibit P-277(B), p. 3.
- ¹¹⁸ Exhibit P-277(B), p. 7.
- ¹¹⁹ Exhibit P-277(B), pp. I5-23, 39-57.
- ¹²⁰ Exhibit P-277(B), p. 7.
- ¹²¹ Exhibit P-277(B), p. II.
- ¹²² Exhibit P-277(B), p. II.
- ¹²³ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. I5471-I5473 (OF), pp. I5458-I5460 (E).
- ¹²⁴ Testimony of Mr. Gosselin, Transcripts vol. 87, p. I5472 (OF), p. I5458 (E).
- ¹²⁵ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. I5472-I5474 (OF), pp. I5459-I5460 (E).
- ¹²⁶ Exhibit P-277(B), pp. I5-25, 29-37, 39-57, 59-60, 67.
- ¹²⁷ Testimony of Mr. Gosselin, Transcripts vol. 87, pp. I5472-I5473 (OF), pp. I5458-I5460 (E).
- ¹²⁸ Testimony of Mr. Gosselin, Transcripts vol. 87, p. I5473 (OF), pp. I5459-I5460 (E).
- ¹²⁹ Exhibit P-277(B), pp. 26-27.

- ¹³⁰ Exhibit P-254, paras. 25-26.
- ¹³¹ Testimony of Mr. Gosselin, Transcripts vol. 84, pp. I49I4-I49I5 (OF), pp. I49I3-I49I4 (E); Exhibit P-256(A), p. 2.
- ¹³² Exhibit P-256(A), p. 65.
- ¹³³ Testimony of Ms. Côté-Gosselin, Transcripts vol. 84, p. I5005 (OF), pp. I4995-I4996 (E); Exhibit P-28I, para. 23.
- ¹³⁴ Exhibit P-428(A), pp. 9I-92; Exhibit P-254, para. 38.
- ¹³⁵ Exhibit P-428(A), pp. 94-95; Exhibit P-254, paras. 52-53; Exhibit P-257(A), pp. I26-I27; Testimony of Mr. Gosselin, Transcripts vol. 82, pp. I4653-I4654 (OF), pp. I4637-I4638 (E).
- ¹³⁶ Exhibit P-458, pp. 93-I29.
- ¹³⁷ Exhibit P-428(A), p. 96.
- ¹³⁸ Exhibit P-458, pp. 85-9I.

