

SECTION ONE

INTRODUCTION

I.1

Retainer of KLA

Kroll Lindquist Avey (“Kroll”) was retained by Mr. Justice John H. Gomery (“the Commissioner”) representing Her Majesty the Queen in right of Canada for the Commission of Inquiry into the Sponsorship Program and Advertising Activities (“COI”).

Specifically Kroll was retained by the Commissioner as forensic accounting experts to assist in addressing the COI’s terms of reference.

In particular, Kroll was requested to undertake the following tasks:

- Identification and summarization of the Government of Canada’s (“GOC”) source of funds for the Sponsorship Program and Advertising expenditures during the period 1994 to 2004;

- Analysis and summary of the funds committed by the GOC with respect to Special Programs and Sponsorship (“SPS”) expenditures and Advertising expenditures during the period 1994 to 2004;
- Analysis and summary of the funds received and their related uses by the communication and advertising agencies with respect to Special Programs and Sponsorship expenditures and Advertising expenditures during the period 1994 to 2004;
- Analysis of communication and advertising agencies and related contracts and events (i) which received significant amounts of money and/or (ii) for which there were concerns;
- Assistance to COI counsel in the preparation for the examination of witnesses, including the identification of relevant documentation and information, identification of potential witnesses, examination and analysis of documentation and participation in interviews of potential witnesses;
- Investigation and research into corporate structures, asset ownership and transactions of parties of interest;
- Assistance to COI counsel with the locating, reviewing and cataloguing of documentation ultimately produced to the COI;
- Development of computerized litigation support; and
- Preparation of this report summarizing our findings related to various topics arising during the hearings of the COI.

1.2

Statement of Qualifications

Kroll is a firm of forensic accountants and litigation consultants, with approximately 75 professionals located in Toronto and Ottawa, Canada. Kroll’s professionals have many years of experience investigating thousands of business transactions in Canada and throughout the world.

Kroll is part of Kroll Inc., a risk consulting company with offices in United States, Europe and Asia.

Robert Macdonald and Steven Whitla, Principals of Kroll and Chartered Accountants designated as specialists in Investigative and Forensic Accounting, and Pierre St-Laurent, Proprietor of the firm St-Laurent Faucher, les juricomptables, and a Chartered Accountant designated as a specialist in Investigative and Forensic Accounting, have prepared this report with assistance from other professionals under their direction and supervision. Their curricula vitae and those of their colleagues who have assisted with this report are included in Appendix A.

1.3

Scope of This Report and Restriction on Its Use

This report has been prepared solely for the use of the Commission of Inquiry into the Sponsorship Program and Advertising Activities.

We do not assume any responsibility or liability for losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report.

This report is based on the scope of our review as described in Section 2.0. In the event that further documents or other information become available that could impact our findings, we reserve the right to review such records and reconsider and amend the findings set out in this report.

