

CHAPTER XIII

PAUL COFFIN

13.1

Communication Coffin

After working for other agencies since the mid-1960s, in 1992 Paul Coffin incorporated a numbered company (2794101 Canada Inc.) which carried on business as a graphic design and advertising agency under the name of Communication Coffin (the Coffin agency). It was and remained a small operation with only two full-time employees, Paul Coffin and his son Charles. It employed contract workers and freelancers for its remaining personnel needs, although in its invoices these workers were regularly described as employees, and Public Works and Government Services Canada was billed for their services in that way. As will be seen, this was only one of many irregularities in the billing practices of Communication Coffin.

The Coffin agency became qualified to manage advertising and sponsorship contracts on behalf of PWGSC in the 1997, agency-selection process which culminated, on April 28, 1997, with the declaration that ten agencies were

so qualified. In the completed questionnaire submitted to the selection committee, Mr. Coffin made a number of deliberately false statements about the size of his agency, the number of persons it employed, and the revenues earned in previous years.¹ These responses probably did not deceive Mr. Guité, if he bothered to review the material, because he already knew about the small size of Mr. Coffin's agency from their social and business contacts.²

Probably the Coffin agency was destined to be qualified, no matter how well or badly it presented itself, because it was already working on a sponsorship contract, named "On the Road to Atlanta," which in 1996 had been given to the Lafleur agency. The Coffin agency did all the work as a subcontractor. More will be said about this contract later. As well, prior to April 28, 1997, the Coffin agency was already supplying consulting services to PWGSC,³ and on the very date it was qualified, it was awarded five sponsorship contracts having a total value of \$665,000.⁴ It may be assumed that the agency knew this work was coming.

Mr. Coffin and Mr. Guité were good friends and had an active social relationship.⁵ Their friendship, more than any other factor, is almost surely the reason why the Coffin agency was kept busy handling sponsorship and advertising contracts for the next few years,⁶ since it had no particular qualifications to justify why it was selected over any other agency. After Mr. Guité left the public service, Mr. Coffin continued to be awarded contracts by Pierre Tremblay until the Sponsorship Program came to an end in 2003. In total, the Coffin agency looked after sponsorship contracts having a total value of more than \$8.5 million in the years from 1997 to 2003.⁷

What is most remarkable about the contracts awarded to the Coffin agency is the amount of production costs and fees they foresaw and allowed. Although the promoters of events and projects received a total of \$5,392,500 as sponsorships, the Coffin agency received in commissions, fees and costs a total of over \$3 million. In some years (1998-99 and 1999-2000), the revenues earned by the Coffin agency were almost exactly equivalent to the amounts paid to the events being sponsored.⁸ No other agency's fees attained this proportion. Figure XIII-1 reproduces a summary table submitted as evidence regarding these various sponsorships and fees.

**COMMISSION OF INQUIRY INTO THE SPONSORSHIP PROGRAM AND ADVERTISING ACTIVITIES
COMMUNICATION COFFIN**

Summary by fiscal year of sponsorship contracts for series EN771, EP043 et 6C523 submitted by PWGSC and/or CCSB to Communication Coffin and/or Média-I.D.A. Vision Inc. [1]
for fiscal years ended March 31, 1995 to 2003

Fiscal Year	Submitted Amounts [2]					Production / Professional Fees	Total
	Media Placement	Sponsorship	CA Fee	AOR Fee			
1994-1995	-	-	-	-	-	25,855	25,855
1995-1996	-	-	-	-	-	105,000	105,000
1996-1997	-	-	-	-	-	46,750	46,750
1997-1998	-	835,000	100,200	-	-	516,800	1,452,000
1998-1999	-	565,000	67,800	16,050	-	494,750	1,143,600
1999-2000	-	630,000	75,600	18,000	-	571,950	1,295,550
2000-2001	-	1,157,000	138,840	33,000	-	526,975	1,855,815
2001-2002	-	1,775,500	213,060	53,265	-	228,519	2,270,344
2002-2003	-	430,000	51,600	12,900	-	6,320	500,820
TOTAL	-	5,392,500	647,100	133,215	-	2,522,918	8,695,733

Notes:

[1] The summary includes sponsorship contracts of series EN771 and/or EP043 and/or 6C523 submitted by PWGSC-AFONS and/or CCSB, for whom Communication Coffin was the communication agency. This summary is including instructions given to Média-I.D.A. Vision Inc. for whom Communication Coffin was acting as a communication agency.

[2] There are amounts which transited by Communication Coffin and/or Média-I.D.A. Vision Inc. to finally be given to publicites (re. Media Placement) or events (re. Sponsorship).

Figure XIII-1: Communication Coffin Sponsorships and Fees

In his testimony before the Commission, Mr. Coffin was remarkably candid about the billing practices of his agency and admitted the falsification of its accounting records and invoices. His candour was all the more remarkable because he was, when he testified, about to go to trial on 18 criminal charges of fraud relating to invoices to PWGSC, which were not an issue before the Commission. Before his criminal trial started, he pleaded guilty to the charges and submitted to the Court an agreed statement of facts preparatory to sentencing submissions. In the statement, Mr. Coffin acknowledges many of the practices which are the subject of the following section of this chapter.⁹

13.2

Billing Irregularities

In his testimony, and in the agreed statement of facts,¹⁰ Mr. Coffin acknowledges that the Coffin agency regularly and consistently overcharged PWGSC in its invoices relating to sponsorship files in the following ways:

- Production costs and fees were billed for work which was not performed.
- Hours were billed for the work of persons who were subcontractors and not employees of the agency, at hourly rates far in excess of what the subcontractors charged for their services.
- Production costs and fees were billed for work that was performed, but which should normally have been compensated from the agency commission. For example, PWGSC was charged for time spent meeting with the organizers of sponsored events, for visits of a routine nature to the site, or for preparing post-mortem reports, all services that should not be the subject of time charges.
- The hours worked by employees were, until 2000, not recorded at all, and were billed by estimating the number of hours, regularly exaggerating them to bring the total charges up to the amount of production costs and fees fixed by the sponsorship contract.
- Generally, the hours worked by Coffin agency personnel or subcontractors were exaggerated, both in number and value.¹¹

Mr. Coffin says that these billing practices were explicitly authorized and even encouraged verbally by Mr. Guité.¹² Mr. Guité denies this allegation.¹³ Considering the frank manner in which Mr. Coffin testified and the finding I have already made that Mr. Guité's testimony in general is a good deal less than credible, on this issue I prefer the testimony of Mr. Coffin.

Two of the contracts handled by the Coffin agency deserve more detailed attention.

13.3

On the Road to Atlanta—Sponsorship Contract

In 1996, Robert St-Onge, who did subcontract work of a creative nature fairly often for Mr. Coffin, conceived the idea of producing a series of radio spot announcements about Canadian athletes who were preparing to compete in the Olympic Games in Atlanta. He discussed the possibility of government funding for such a project with Mr. Coffin, and the two men went to Ottawa to meet Mr. Guité and to try to convince him to sponsor it. Mr. Guité was interested but told them that the sponsorship contract would have to be directed to Lafleur Communication since it was the only Quebec agency qualified for such work in 1996, but that all the work could be done by Communication Coffin.¹⁴ As has already been shown, Mr. Guité often resorted to this kind of subcontracting arrangement to circumvent the requirements of Appendix Q to the Government's Contracting Policy.

The amount of the sponsorship was based on an estimate of the costs, which was accepted by Mr. Guité at \$225,000,¹⁵ to which agency fees of \$27,000 would be added as a commission. The contract with Lafleur Communication is dated May 13, 1996.¹⁶

The radio spot announcements were produced by Mr. St-Onge. His personal company billed the Coffin agency \$13,400 for his work. The media placement costs and other expenses came to a total of \$96,065. The Coffin agency billed Lafleur Communication for \$225,000, turning a neat profit of \$115,534¹⁷ on the project. Obviously no thought was given to billing for the actual time spent and expenses incurred; the contract was treated as though it were a fixed-price agreement. The Lafleur agency billed PWGSC for the \$225,000

it paid to the Coffin agency plus the commission of \$27,000,¹⁸ for which it did no work at all, other than to send its invoices.¹⁹ Poor Mr. St-Onge, who conceived the project and did almost all of the work, was the least remunerated of all. At the hearings he remarked ruefully, when told how others had profited from his idea and his work, that he had most certainly been taken advantage of.²⁰

13.4

The *Clarity Act*—Advertising Contract

A contract for advertising services related to publicity that the Government wanted in the context of the *Clarity Act* was given to Communication Coffin on December 7, 1999,²¹ because Mr. Coffin understood that someone in the Government (the evidence does not disclose this person's identity) did not wish the agency that was really handling the file to be publicly identified. That agency was BCP, generally considered to be “Liberal friendly.”

The cost to the taxpayer of this subterfuge was the fees charged by Communication Coffin to act as the billing agency without rendering any other services.

Mr. Coffin testifies that in 1999 he was asked by Pierre Tremblay or by David Myer at the Communication Coordination Services Branch to act as the agency purporting to handle the contract, it being understood that the services would be done by others and that they were already well under way. It was agreed that the Coffin agency would receive a commission for doing so of \$30,000, and would be entitled to charge, in addition, a 17.65% commission on all subcontracts.²² The contract foresees a total expenditure by PWGSC of \$642,000, of which \$214,000 would be for creative services, fees and commissions, and \$428,000 would be for media placement.²³

John Parisella of BCP testifies that, in fact, BCP had not been engaged to work on the *Clarity Act* contract, and could not assist in the work at that time due to a lack of resources. He says that BCP suggested that the work be done by a small agency called Éminence grise Inc., owned and operated by a former BCP employee named Luc Méryneau.²⁴

The evidence shows that Mr. Mérineau worked on the project, and that the invoices for his services and the services of those who worked for and with him on the project were addressed to Communication Coffin in the name of Éminence grise Inc., but most of Mr. Mérineau's work was performed using BCP's studio with the assistance of BCP's employees.²⁵ This contradicts Mr. Parisella's testimony that no BCP employees were available to work on the project.

Regardless of who really did the creative work on the project and when the work was started (it appears unlikely that the Government would have left the public relations work to be done until the last minute), the involvement of Communication Coffin was not useful, and very costly. It billed PWGSC fees of \$36,135, a commission of \$35,596 on media placement and additional commissions on subcontracted work of \$14,753, for a grand total of \$86,484.²⁶ The fees charged were based upon hours worked that were simply invented.²⁷ The personnel at PWGSC who had awarded the contract to the Coffin agency in the first place must have known that it was not in fact spending time on the project, but authorized payment of the invoices anyway.

The failure of the personnel at CCSB to monitor the work and the invoices of the agency selected to handle an advertising campaign on behalf of the Government is particularly scandalous in this case. It may be explained in part by the expressed desire of the Government to handle what they considered to be a politically sensitive matter without appearing to use an advertising agency publicly perceived to have a political bias. As Mr. Coffin says in his testimony:

They were looking for a small low-profile Montreal-based agency to handle a project that was highly sensitive and...they were asking me to help them facilitate this contract that was being prepared by another firm.²⁸

Of course, the more honest and appropriate way to place such a contract would have been by a call for tenders. There was no public interest issue or urgency sufficient to justify awarding the contract without going through a public tendering process.

13.5

Relationship with Mr. Guité

Shortly after Mr. Guité's retirement on August 31, 1999, Mr. Coffin had dealings with him which will be reviewed in Chapter XV of this Report. One transaction should be mentioned immediately because it appears probable that it was discussed and negotiated while Mr. Guité was still a member of the public service, although it was concluded only afterwards.

Mr. Guité was, prior to his retirement, the owner of a 26-foot pleasure boat known as a Bayliner Cruiser, on which he and Mr. Coffin together went for a couple of cruises. In 1999 Mr. Guité decided to sell the boat, and after he had put it in the hands of a broker, Mr. Coffin offered Mr. Guité \$27,000 for it, which was accepted. The price was paid by two cheques for \$13,500 each, dated September 20 and November 1, 1999, respectively as reproduced in Figure XIII-2. No documents record the transactions.²⁹

If the negotiation or the sale of the boat preceded Mr. Guité's retirement, questions could be raised about their propriety, in view of the ongoing business dealings of Communication Coffin with the CCSB, of which Mr. Guité was the Executive Director.

Figure XIII-2: Paul Coffin cheques to Chuck Guité.

PAUL R. COFFIN PRIVATE BANKING SEPT 20 19 99 175 P20

PAY TO THE ORDER OF J.C. GUITÉ \$ 13,500.⁰⁰

THIRTEEN THOUSAND FIVE HUNDRED DOLLARS

MEMO Bayliner 26SS A/c. Paul Coffin

175 # @0001350000@

PAUL R. COFFIN PRIVATE BANKING NOV 1 19 99 176 P21

PAY TO THE ORDER OF J.C. GUITÉ \$ 13,500.⁰⁰

THIRTEEN THOUSAND FIVE HUNDRED DOLLARS

MEMO Bayliner 26SS. LAST PAYMENT Paul Coffin

176 # @0001350000@

Endnotes to Chapter XIII

-
- ¹ Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19296, 19302-19315, 19401-19403 (OE), pp. 19296-19318, 19412-19415 (F); Exhibit C-370, pp. 38-47; Exhibit C-369, p. 75.
 - ² Testimony of Mr. Guité, Transcripts vol. I08, pp. 19810-19811 (OE), p. 19826 (F).
 - ³ Exhibit C-371, pp. 3-5; Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19391, 19397-19400 (OE), pp. 19402, 19408-19412 (F).
 - ⁴ Exhibit C-371, p. 6.
 - ⁵ Testimony of Mr. Guité, Transcripts vol. I08, pp. 19673, 19803 (OE), pp. 19676, 19818 (F); Testimony of Mr. Coffin, Transcripts vol. I06, p. 19344 (OE), pp. 19348-19349 (F).
 - ⁶ Testimony of Mr. Coffin, Transcripts vol. I06, p. 19495 (OE), p. 19514 (F).
 - ⁷ Exhibit C-368, p. I; Exhibit C-371, p. 2.
 - ⁸ Exhibit C-371, p. 2.
 - ⁹ Exhibit P-475.
 - ¹⁰ Exhibit C-368.
 - ¹¹ Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19306-19313, 19328-19334 (OE), pp. 19307-19315, 19332-19338 (F); vol. I07, pp. 19533-19541 (OE), pp. 19535-19544 (F); Testimony of Mr. St-Onge, Transcripts vol. I07, pp. 19608-19613 (OF), 19602-19607 (E).
 - ¹² Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19461-19466, 19498 (OE), pp. 19477-19482, 19517 (F); Vol. I07, pp. 19518-19525 (OE), pp. 19520-19527 (F).
 - ¹³ Testimony of Mr. Guité, Transcripts vol. I08, pp. 19808, 19825-19826, 19820 (OE), pp. 19823-19824, 19842-19843 (F).
 - ¹⁴ Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19428-19430 (OE), pp. 19442-19444 (F); Testimony of Mr. St-Onge, Transcripts vol. I07, pp. 19603-19605 (OF), pp. 19598-19600 (E).
 - ¹⁵ Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19432-19434 (OE), pp. 19447-19449 (F).
 - ¹⁶ Exhibit P-239, pp. I, 5-17.
 - ¹⁷ Exhibit C-374, p. 2.
 - ¹⁸ Exhibit P-239, pp. 25-27.
 - ¹⁹ Testimony of Mr. Coffin, Transcripts vol. I06, p. 19433 (OE), p. 19448 (F); Testimony of Mr. St-Onge, Transcripts vol. I07, p. 19605 (OF), p. 19600 (E).
 - ²⁰ Testimony of Mr. St-Onge, Transcripts vol. I07, pp. 19612-19613 (OF), pp. 19606-19607 (E).
 - ²¹ Exhibit C-373, pp. 8-35.
 - ²² Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19440-19448 (OE), pp. 19455-19463 (F).
 - ²³ Exhibit C-373, pp. 29-30.
 - ²⁴ Testimony of Mr. Parisella, Transcripts vol. I30, pp. 24708-24717, 24719-24721 (OF), pp. 24694-24703, 24705-24706 (E).
 - ²⁵ Exhibit C-373, pp. 41-81; Testimony of Mr. Mérineau, Transcripts vol. I23, pp. 23080-23082 (OF), pp. 23076-23078 (E).

²⁶ Exhibit C-373, p. 3.

²⁷ Exhibit C-373, pp. 67, 74, 79; Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19458-19467 (OE), pp. 19474-19484 (F).

²⁸ Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19440-1944I (OE), p. 19456 (F).

²⁹ Exhibit C-370, pp. 20, 2I; Testimony of Mr. Coffin, Transcripts vol. I06, pp. 19344-19346 (OE), pp. 19349-1935I (F).

