
RCMP raid Groupaction in ad probe

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OTTAWA and MONTREAL -- RCMP investigators raided the Montreal offices of Liberal-tied advertising agency Groupaction Marketing Inc. yesterday, seizing hard drives and documents in a bid to find evidence of fraud related to government sponsorship contracts.

The raid was part of a criminal investigation into allegations of abuses sparked by Globe and Mail reports that the government could not find any trace of Groupaction work for which it paid large sums.

In May, Auditor-General Sheila Fraser asked the RCMP to investigate after she found senior civil servants "broke just about every rule in the book" in issuing three Groupaction contracts worth \$1.6-million. The investigation has expanded to include more contracts issued to Groupaction and other Liberal-tied firms.

About 15 officers from the RCMP commercial-crime section arrived at Groupaction's Sherbrooke Street offices at 9:30 a.m. EDT yesterday. They spent a full day picking through computers and documents in every office, RCMP officials said.

They carted out seven boxes of documents late yesterday, including some marked "time sheets" and "former employees."

A spokesman for the RCMP's Montreal commercial-crime section said that an investigator had sworn an affidavit asserting that the Mounties had "reasonable and probable grounds" to believe that fraud had been committed and that evidence would be found at the Groupaction offices.

The spokesman, Constable Sylvain L'Heureux, said that the warrants and affidavits had been sealed and would not be released.

He said the seizures were conducted as part of a continuing investigation.

Groupaction's president, Jean Brault, was not available for comment, and employees waved away reporters at the office.

Although the offices were raided almost four months after the RCMP announced they had opened a full-fledged criminal investigation into Groupaction sponsorship contracts, it suggests swifter action than in other recent probes into major government scandals.

More than a dozen investigations into possible abuses of grants issued by Human Resources Development Canada included few raids or charges for more than a year after the scandals were made public.

Government and advertising-industry sources in Ottawa and Montreal said they have been interviewed by RCMP officers investigating the scandals, and that they had seen investigators at work, for example picking up government documents.

Sources said that former employees of the advertising firms have indicated they are willing to testify in court or hand over material to police.

The Quebec City newspaper Le Soleil reported yesterday that investigators have expressed specific interest in documents they believe will show that senior officials from at least one firm encouraged employees to inflate the hours they worked and to overbill.

In her May report on three Groupaction contracts to produce reports on sponsorship opportunities, Ms. Fraser found no evidence that one report was submitted to the government, and found much of the work in another was duplicated.

Under the former federal sponsorship program, advertising agencies would receive hefty commissions -- usually 12 per cent -- to oversee the government's sponsorship of events.

Quebec-based agencies that were major donors, many of which also had executives who worked on Liberal Party election campaigns -- Groupaction, Groupe Everest, and Lafleur Communication Marketing Inc. -- received the lion's share of the contracts.

An internal Public Works audit in 2000 found that Groupaction and Groupe Everest received 63 per cent of the sponsorship money between them, in violation of government guidelines that limit any one company to no more than 25 per cent.

Groupaction had been cut off from government-sponsorship contracts in May, and was declared ineligible for any federal government ad work in June.