

By Lisa Fitterman

Until early this year, Jean Lafleur was a suave ad man on the lam, living it up in Belize. A Montreal businessman who had his own company and socialized with Canada's top Liberal Party movers and shakers, he was renting a luxurious two-bedroom home set amid bougainvillea and hibiscus bushes near the beach. He owned a 22-foot-long motorboat that was moored nearby, and he had a habit of spending up to 600 Canadian dollars (US\$567) a week at a local gourmet shop on fine wines and cheeses. He loved to travel, taking off on occasion for places as far-flung as Italy, Brazil, France and Mexico.

Lafleur's good life abruptly ended just before Easter, when the Royal Canadian Mounted Police issued an international warrant for his arrest on charges related to nearly 1.6 million Canadian dollars (US\$1.51 million) he received from the federal government as payment for work he had never done. Rather than be chased down, he decided to come home of his own volition. Sporting a deep tan and handcuffs, he was ignominiously escorted into the prisoner's dock of a Montreal courtroom and remanded into custody.

The resurfacing of Lafleur was but one chapter in the story of a kickback scandal that dates back to 1995 and just won't seem to go away. Popularly known as AdScam, what ostensibly began as a federal sponsorship program partly funded by taxpayers has sorely tested the trust of Canadians in their politicians and the bureaucrats who work for them. Its fallout includes the criminal convictions of several advertising executives and a top former bureaucrat, the defeat of a beleaguered Liberal government and the passage by the new Conservative government of a much-vaunted Accountability Act that has not quite lived up to expectations.

The sponsorship program was born in the aftermath of Quebec's 1995 referendum on sovereignty. Run out of the federal Public Works Ministry, it was supposed to bolster Ottawa's presence in the province after miscalculations and a sense of hubris led to separatists nearly winning. But few people were aware the program even existed until the spring of 2002, when The Globe and Mail, a national newspaper, used the Access to Information Act in an attempt to find out why 550,000 Canadian dollars (US\$520,119) in federal monies had been paid to a Quebec marketing firm for a report that was nowhere to be found.

The story—and scandal—would soon spiral, even reaching the prime minister's office. Alfonso Gagliano was shuffled out of his post as public works minister and shipped off to Denmark to serve as Canada's ambassador, only to be brought back and unceremoniously fired. Prime Minister Jean Chrétien stepped down, leaving the mess for his successor (and arch-rival), Paul Martin, to clean up.

In February 2004, federal Auditor General Sheila Fraser released a scathing report in which she found the 550,000 Canadian dollars (US\$520,119) was but a small fraction of more than 100 million Canadian dollars (US\$94.7 million) that had been funneled to a variety of Quebec communications agencies in the form of fees and commissions. In effect, she told reporters, it was a program to generate commissions for private companies while hiding the source of funding, rather than providing any real benefit for Canadians.

Among her findings: five Crown corporations and agencies—the RCMP, Via Rail, the Old Port of Montreal, the Business Development Bank of Canada and Canada Post—played a role at one time or another in transferring payments of questionable provenance and destinations.

“I think this is such a blatant misuse of public funds that it is shocking. I am actually appalled,” she said.

The RCMP started an investigation while Martin, the new prime minister, appointed Quebec Superior Court Justice John Gomery to conduct an inquiry into how things had gone so terribly wrong. Justice would be done, Martin said, but it also needed to appear to be done. He added that if it was ever proven that he knew anything about the program, he would immediately step down.

Still, it was too late for the Liberal government, which had enjoyed a majority for more than a decade. In June 2004, it was reduced to a minority, and on January 23, 2006, it was squeezed out of power altogether when Stephen Harper and the Conservative party—a coalition of the old Progressive Conservatives and the newer, right-wing Alliance Party—managed to cobble together a minority government that was still in power at the time this report was written.

“Cleaning up government” was a big part of Harper's election platform, and when he unveiled the Accountability Act before Parliament, he said its goal was to rid politics of scandal altogether. In December 2006, after delays, compromises and the introduction of exemptions to deny access to information requests, a much watered-down

version of what Harper had promised was finally enacted into law. It includes only 30 of 52 changes that had originally been intended-and half of those changes must be approved by a special cabinet order before they even (or ever) come into force, noted Duff Conacher of Democracy Watch, an Ottawa-based citizens' group dedicated to keeping governments and corporations accountable for their actions.

"It is politics as usual, save that we now have the act in place," Conacher said in an interview. "The changes to lobbying rules are not in force, while an ombudsman to oversee procurements has not been appointed.

"The list goes on," he continued. "A parliamentary budget officer is not yet in place, nor is a public appointments commissioner, this even though the Tories have made about 800 appointments so far this year, many with close ties to the party."

Even though protections for whistleblowers have been implemented as part of the new law, Conacher charged they don't go far enough because they don't cover the full scope of reprisals. No one on the political side of government, for example, has the right to blow the whistle and be protected from retaliation. "The code of ethics for members of Parliament and senators could be read in a way that they'd be acting in unethical fashion if they don't disclose, but there is no duty to do so," he said.

The law also appears to contain loopholes. Although the cooling-off period between holding or working for public office and lobbying for government has been increased from two to five years, it includes an exemption for certain members of the prime minister's 'transition team,' a concept never clearly defined. Critics have charged that this effectively allows members of Harper's entourage to lobby at will, while it penalizes opposition parties.

Another loophole dug up by reporters at The Globe and Mail has to do with limits on individual contributions to political parties. In effect, any individual could exceed the law's limit of 1,100 Canadian dollars (US\$1,040) in contributions to political party coffers by giving any amount up to 199.99 Canadian dollars (US\$189.12) to each of the party's 308 riding associations across the country. This is because Elections Canada requires only that it be informed of donations of 200 Canadian dollars (US\$189.13) or more. Anything less and the amounts are lumped together, with no way to break them down.

"So it goes," said Conacher. "We have to remain vigilant."

His words were echoed by John Gomery, the now-retired judge who oversaw the inquiry. In a series of interviews he gave last summer on the occasion of his 75th birthday (and his official retirement date), he warned that the clean-up job is far from over, and he urged the Conservative government not to lose sight of what still needs to be done.

“I thought (the Accountability Act) was a marvelous case of good intentions,” he said. “As to whether or not those good intentions are going to be translated into government action is something that I think will take a little time.”

One of the things the Conservatives have to fight is a general tendency for governments to simply stick with the status quo, believes Gomery. “Once a government is comfortably established, it becomes part of the inertia. Once people are in office, they develop a way or a habit of doing things, and I think there is a heavy pressure on politicians from the public service to conform to past practices,” he added.

Back in Montreal, Lafleur, the former adman, appeared in court again, this time in late April, where he pleaded guilty to 28 of the 35 charges he faced. Quebec Court Judge Suzanne Coupal sentenced him to four years behind bars and ordered him to pay back every penny of the 1,568,561 Canadian dollars (US\$1,485,801) he fraudulently took. It was the stiffest sentence so far in the sponsorship scandal, partly because he never offered to pay back the proceeds of his fraud or perform community work.

In her sentencing statement, Coupal said: “You benefited from substantial financial gain from public funds, gathered in part from taxes paid by honest citizens, most of whom could not hope to aspire to a comparable financial situation.”

Lafleur stood in the dock, his face showing no emotion.