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Once there was this li'Abner-like skeemer (et al) who thought he could criminally make a fool of the World, and not pay for it....

How the coniving little Criminal Yank Barry and his 'Cockroach' Criminal Friends in the National Bank of Canada Burned Everyone They touched from April 1993 to August 1995

And That Did Include the Bribery of Andy Collins of TDCJ





Not forgiven, not forgotten:
Neil "Ghostdrummer" Floyd,
Falovitch's Little "Enforcer",
- living on Barry's handouts with
"salute to the world", and, a failure

Now including Denis Faubert's (Corrupt Conspiring National Bank bribed banker) hand-written notes on how to make their own public money bribery scheme look better starting at Page 55

Attested to by

Lyndon Maither, B.Comm

Tax/Law Publisher

Who stewed him in his own filth as Barry gave me Great References while doing it

You can download this with the above right-hand sprocket button and if you can somehow have a laugh at this little dirt-bag shark's history (and try not to think of the hordes he hurt) you can try and add good karma to the World by making a donation to a US or Canadian registered, properly monitored with a substantively proven history, charity if you'd like.

Note: Yank Barry was recently "vindicated" in his threat to civilly sue for defamation etc. with Canada's National Post. Always the thug, in the face of truth...twisting a partial mere admission.
This has been on Googlebooks since Aug'2015 so maybe Yank Barry would like to sue me, his own bookkeeper, who turned him and his cohorts into Cdn. and by implication US law enforcement for all of the enclosed CC and US Penal Code criminal acts.
As his bookkeeper, I divulged for all the enclosed reasons and this will never be coming down.

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The April 1993 to August 1995 Dirty Inside World of Yank Barry, et al.

Mister Yank Barry, care to sue your own Accountant for what you criminally orchestrated in '93-'95 for Defamation, Libel, Slander? Let's get this started…as I open up your diseased little head in front of the World.

There's an interesting movie about how no matter how much you try to lie and hide away the truth fortifying it against discovery, someone who is dedicated, can walk right into your midst and find it. And there can **only ever be one, singular, truth**, as some derivative equation of precise calculus: it's not subjective, **it's objective**[1]. The movie is called *"The Inside Man"*, a story about how a bank is robbed with exhaustive finesse, not to get mere money, but to get a mere file that was in a safety deposit box that wasn't even on record and that file had a lot to do with the "***President and Founder***" (one of those 'guys') of that bank, **where he was and what he was doing, "before he came to America".** Now that I may have spoiled it a bit for you….let me tell you about some bank robbers and snatchers of the public purse, being a focal-point criminal named Yank Barry[2], **et al.**[3] And this one is entirely simple, real, and true as directly observed and strategically partaken in by me, **his accountant/bookkeeper.**

This recollection, and it's just getting better, on my own without presentation of any documentary evidence nor interview with equally knowledgeable parties, **is first going to be about**

- **Yank Barry's criminal Small Business Loan scheme, whereby he'd conspire with his co-conspiring banker Denis Faubert of the National Bank to sell, for cash, (and pay me cash to write the 'business-plans' for them), government-guaranteed loans to fraud-orientated businessmen around Montreal in '93-95 on the premise of his MO[4], sourced by his front-man Bernard May, as well as fraudulently live on them himself. You'll like the banker's notes on that on pg. 55 (the bookkeeper 'firing up the pipe'), with more to come.**
  In its second part,
- **it will explain how Barry bribed his way into the Ontario Correctional Services Prison system and then used the bribed party, Nancy Guppy[5], to support his bribery into the Texas Department of Criminal Justice System through Andy Collins, paying all in turn who got him supply contracts for his floundering non-producing company, Vitapro Foods[6].**

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[1] **And it's 'finite' as well: there's never 'any more to it or less of it' than 'that'. And because of that it need not be forceful but simply straight-forward surrounded with all its attendant reason. And, it applies to everyone around it. The truth is seriously lacking in Yank Barry's personal character, public and private.**

[2] A little guy you can't practice Socratic irony on, in the end, since he does it to himself. I can't think of a single person I've ever met in my life, and I've met a few people at age 51, that comes so close to mimicking "Mr. Merriweather" of "Little Big Man" fame: he's exactly like that.

[3] You should watch it: it may teach you to plan out any path you may desire taking.

[4] The borrower would have lined up friends who would supply fraudulent title invoices for Small Business Loan qualified expenditures whereby the borrower would obtain the loan, get the bank cheque and have his friend cash it for him and give him back the cash, so that Barry would illegally make cash defrauding, the banker would make illicit cash conspiring to defraud, the borrower who bought in would make illicit cash defrauding, and the Cdn. taxpayer would pay the dime when the loan would be going down with limited financial exposure of the borrower through the guarantee: that was the sales proposition.

[5] Now of **Chapman's Landing**, viewable on the net, of North Bay, Ontario.

[6] And was well on his way to doing same in Georgia and Florida when I left in late '94 through **Jack Crimm**. **After that, he had no choice but to reformulate his 'company' to garner donations to sell to his own 'non-profit', Global Village Market, his own tvp, for profit to Vitapro, his for-profit company, so that he could**

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It is followed by the decision that resulted In Texas, acquitted, because his corrupt bankers Denis Faubert and/or Pasqualle Romanilli vouched for him on some wire transfers and I didn't get the chance to testify to his criminal activity, when said contentious wire-transfers were made by me on his instructions, as well as some newspaper pieces that are not on the internet that reveal some background that Barry, et al., hasn't faced in court yet in on-going criminal investigation[7]. Sometime they will[8]. The last page is my exiting academic transcript from Concordia University where I studied immediately before Barry et al. fell into my lap[9] and it all starts with 2 academic letters supplied by Yank Barry concerning my professional service to him and his companies as his accountant[10] as well as his fraudulent banker's note (there are two of these) on how to make his scheme look better on paper for the loan filed. Not all tax researchers write the same 'business-plans'.

This also explains my modus operendi in dealing with him as his accountant and should give you some inspiration that clean accountants who decide to take on organized crime can have material effect, **from the inside,** in doing so. In my case this came naturally to me since I had sent an enormous amount of time in my youth fly and worm fishing for brook trout in small creeks where I was from. Fishing is easy, if you know how, and in my case, like them all, it's simply a construct of placing ahead of the fish your bait and hook before he feeds on it and getting him to swallow it. I've spent years doing just this and if you catch fish you'll know that the trick is to not react until the fish has actually swallowed the whole arrangement – that way he can't spit the hook out: get him to swallow it[11]. You'll read about the 'hooks' in the following. The following is also a rendition of, figuratively, how a dog will roll on a carcase she finds in a forest for fun since instinctively it gives them a scent they love and allows them to feel at one with their prey: in this case, the "stinkier"[12] the better I tried to get involved with in Yank Barry's world

call himself a 'philanthropist' so as you read all of this understand that hordes of the destitute have had to suffer flatulence because of Vitapro tvp, which it causes, while this substance-less con-man gives his story to anyone who wants to read about it or watch it.

[7] Which have by now been properly crystallized.

[8] At least, that's what I informed on this group to the security of Canada Revenue Agency about basically immediately after leaving his employ and it is this that is actually required to bring out conviction in the US, unless of course some Canadian crown doesn't want US DAs to succeed given that if Texas proceedings are ever brought again, again the judge will be looking at that same banker's apology letter that prompted his first acquittal.

[9] You'll note an "A" in *Bankruptcy and Secured Transactions*, the term paper for which was testing bankers on their loan processes: I obtained an A+ on that ¾" paper. You'll probably think of 'karma' when you finish this.

[10] I knew I'd go down in history as an accountant of a criminal. **I never minded that.** I did mind not going down as a 'good accountant' of a criminal in the criminal's own references. Did I 'grow into you' Mister Yank Barry? Before you open your lying hole to the world about what I did for and with you you should, of course, ask yourself if you'll be telling the world if I forged your signature on these – an impossibility – or whether I had your wife, Yvette, who was constantly practicing same for you, do it. If you do, are you stating that Yvette was forging your signature as at these dates – since I know of an **off-shore slush-fund administrator's files** that have your account application carrying a signature in them that *purports to be mine, that's not mine*, **though mine was accepted for the bribe payment to Andy Collins on wire-transfer instructions. I also know that you asked me to forge Peter Wood's signature on that insurance fraud, and did as his brother Neil "Ghostdrummer" Floyd [Falovitch] did as well. Definitely because someone forged it in the account opening: know anyone? And if you forged my signature on your off-shore slush-fund application which you did, are you trying to tell the world that the fund itself was also not crooked to begin with? Which it was: that's where you probably stashed your cash from crooked SBLA loan sales. OR, are you giving me credibility to, using your own words, talk about everything you did on ALL these matters? Which one is it: I was the one who worked with you day after day? Got an opinion for FOX News on that? Someday, maybe? …Don't bleed on my shoes, I 'beat' you on signatures too, little grease-ball…**

[11] From my experience in tying my own highly successful trout flies, from the age of approx. 12, I knew how to 'hide a hook' in something: that detail worked out pretty good with my measured tax research.

[12] I wanted to know the dirt, **but didn't want to directly ask Yank Barry about it: 'let him come to me' and just tolerate it and keep up with it.** If I were to have protested, he probably wouldn't have allowed me access to his

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since if you can "own" a transaction, by taking "possession" of it by being party to it, you can "aim" it in such a way as to do the most damage to the people who are perpetrating it: accountants don't normally initiate and full-fill transactions, they just record them, but in recording them, and in this case the source documents that are needed to support them, you can alert enforcement professionals that something is completely amiss here. In this case, it was business-plans, notes generated on such process by Yank Barry and Denis Faubert (his corrupt co-conspiring National Bank banker), and invoices for SBL supplies that were generated, and there were other legal/accounting steps such as knit-sales and cheques that were generated by my offensive design as Yank Barry and Denis Faubert sold a plenitude of federally guaranteed loans, all designed to fail, across parties in Montreal during '93-'95.

This little epic is also about exploiting your opportunities when they present themselves and in this case, it took time[13]. I had nowhere else **more valuable** to be in this case and once I started, I wanted to take it to the max to evidence enough to ensure successful prosecution. **I didn't want to stop**

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inner-workings and may have actually been fired as the accountant. So, I let myself 'grow into' Yank Barry by controllably intertwining my life with his on this basic principle: I had grown up watching an adult complain about how a large adult willow tree had spread its roots down around and into a concrete water culvert. Willow-roots will search out any crack into a water source, and in this case, once one gets into the pipe, it enlarges for itself and next to expand in the ever-quest for water. That's how living willow trees can completely crack concrete water pipes. Now, do the same as a willow-tree root and find a crack and go right in, **and keep growing right into it.** And eventually you clog the whole pipe and when you take the tree away, you have a broken pipe with a massive hole in it. Equally, 'while waiting for things to happen', I look at this like using rocks to change the flow pattern in a creek, something I had become very good at, (fishing ya know): a creek is running down one side of the stream so you take a rock and place it 'just there', and that changes the flow slightly. A bit further, you do the same, maybe with a slightly differently-shaped rock, and that displaces 'the flow' a bit more further 'to the right'. And so on. And by the time you're finished, that unabated torrent of a criminal is then 'flowing down the opposite bank', channeled and controlled, with 'rocks' that you have handy, ready for prosecution on all his acts. The 'water is coming down anyway'. **Also, I call it "eliminating the fall-backs": a criminal will be trying to tell a judge regarding a crime he's perpetrated that it didn't happen the way that law enforcement is stating, so try and seed foundation evidence, as the process is operating, that eliminates their ability to state otherwise: make it obvious, a no-contest fight since, in this case, I had Barry's confidence from the minute I 'fit in with one transaction' very early in my involvement with him. And, against his fraudulent process, I abused that confidence completely and in my opinion tricked him every step of his way.**

[13] It's also about having to wait for things to happen so that you can do something about them: I call it "baby-sitting" some criminal and 'baby-sitting' is an appropriate term since criminals will always try to get away with some shenanigan and it's merely a question of trying to be on top of it when they try. Being on-top of the situation you can bend it in such a way, in this case with the adversary's own ignorance, against them. **Their own accountants are best suited for this function since they see the insides of the criminal and that allowed me to understand Yank Barry's day-to-day thought processes with no resources as he tried to get some traction with Vitapro.** Obviously you have to 'fit in' to get this done, passing 'tests', reacting 'appropriately', etc. "go-with-the-flow-like-a-twig-on-the-shoulders-of-a-mighty-stream" to get in close enough to make some sort of difference. I never told Yank Barry, anytime during this 'engagement' that I had read approx. 3.2 k court cases researching tax law and my specialty was when the law broke down – where it didn't knit together with its terms properly. This allowed me to see his business dealings as equally finite and measured for the resources he had and **'jointed' so to plug in 'damage' where it would be most effective**, very discretely: I had been doing 'practice runs' on the ITA for years doing this and if you can, using legal means, pierce a 'battle line' since that's how I see the ITA, 'here', you can come up 'from behind', 'there': any sophisticated tax-planner will tell you this, about numerous variables you juggle to 'get things done'. **This is really just another tax plan for me, the x-y-z calculus of variables that tax counsel deal with regularly: pretty much mechanical stuff.** In this case, as things 'grew', I tried to ensure foundation blocks that they rested on would crumble when held up to scrutiny**. And these cohorts were stupid, no other word best describes it,** (sort of like the motorcycle gang in the movie "Every which Way But Loose") and all I had to do was tolerate their vulgar personalities and continue the things I thought would work to try to prove their criminality.

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anything since I was 'running my processes'. I wasn't going anywhere, until I had enough. Yank Barry ran a simple process: I ran mine to counter it on a fundamental basis[14]. Unfortunately it brought out slight mental illness in me, as well as substantial fear, and delinquency in other matters[15] as I 'lived my life' within the Yank Barry world. There is an episode in the original Star-Trek series where two aliens appear on the Enterprise, Evil and Good, and they tear the ship to shreds, constantly fighting each other, and Curk's solution is to beam them off the ship into another closed universe. Where they fight forever. That's what my history with Barry was like: he'd try to pull something and I tried to figure out and substantially did accomplish something to point to the obvious, day after day in a closed focussed space, as a timid though fully conscience accountant, instead of blowing his brain out with a shot-gun one day[16]. **He stupidly allowed me to do it to him: probably thinking that the cash payments and the threats to my life would prevent me from coming forward to law enforcement[17]. The sole thing that kept me going was "What can I do for a Crown Prosecutor, what would she need to obtain convictions here?"** And when you completely hate your client that keeps you going. Figuratively speaking, I played "the long game" to try to 'funnel' 'this cow and his herd', with evidence and supporting testimony, right into 'the slaughterhouse's front-doors': he's a criminal, that's what accountants should do.

I'm equally unsure, to this day, if the following should prompt for any charges against me as some sort of token co-conspirator, which would be difficult when I would be informing on this lengthy list of parties as I observed and in some instances transacted with them: it would be interesting proving *mens rea* if such were the case when my whole design was offensive to it[18]. Can a good-Samaritan 'go under-cover', if that is an appropriate term, to infiltrate a conspiracy to have one of the best seats in the house to evidence it and bring it forward and be culpable of any wanton disregard of the CC to provoke its application to him?

I have equally come to understand that there is an under-estimation of the question "why" here, coming to the conclusion that that word "explains" all the other questions. **'Why'** explains **'when'** an activity will occur. In this case Yank Barry/Denis Faubert did this when Barry was starting his Vitapro and had no capital with a non-commercially viable product[19] which couldn't come close to carrying his personal and

[14] There's a 'tipping point' where you think you have enough documentary and testimony evidence to *'turn a situation around'*: In my opinion of that time, I wanted Barry's scheme to run to the point where enough fraud had been perpetrated, with Barry and Faubert as the source of all these bad loans, to actually prove that they did such. Again, I had an inside bank employee, one to start, conspiring here. Most accountants would have run off to the sun-set not bothering to talk to anyone, **while I was perfectly placed as the party to do the most damage, being on the 'inside', right from the start. Is there a lawful intent/good Samaritan defence for participating in this to the level I did, I don't know, but through this involvement I was constantly thinking of Barry/ Faubert as the primary 'enemy' and that's why I had absolutely no *mens rea* in staying 'in place' documenting as much as possible and brought the matter in to CRA/RCMP.** In the end, all of these people will be caught and successfully convicted I was constantly thinking and, as said, it took time to allow the 'pattern' to manifest to prove it.

[15] I completely lost my academic drive and terminated my studies in both the McGill Chartered Accountancy Program and specialized study in the McGill Law Faculty Special Student Arrangement. I'm feeling much better now though. My now Googlebooks get thousands of page reads per week: mind must work somewhat correctly. Maybe it's Yank Barry et al trying to learn from me, who knows.

[16] I strongly suspect I won't get a thank you for that, ever

[17] Not everyone fell for your bribes and threats Barry: your own accountant never did.

[18] 'Marking every loan that went through the process, transacting with Barry and his clients with, what are known as, forged (fraudulent) title documents, to ensure that the underlying federal guarantee could not be realized upon (it's going to happen anyway – ensure that you can prove it at least once, on as many as possible loans), while also cutting off the hands that tried to criminally access same, and at its conclusion, seeking to compensate myself on the demise of the criminals who were its source. Did I wantonly "add to it" or strategically "destroy it"? [19]

vitapro, the product, like Barry has done with the true Kingsman, **was ripped off from some guy named Sonny** who Barry had played golf with in South Africa prior to my arrival. Just at the time I arrived Barry was

corporate expense load: **he simply didn't have the launch capital in business without criminally accessing the federal loan program.** It also explains a bank corrupt with open access with loose control over taxpayers money on its loan practices whereby just about anyone, **with anything for a 'business-plan'** could get a loan. Why also explains that it happened at that time since after a certain point of time, when Barry got into OCS and TDCJ, he practically didn't need to shuffle through any more crooked loans for cash, on the side, since he had 'made it': Vitapro was making money then, albeit through bribed sales. That explains why Barry and Faubert perpetrated their crime wave when they did. The **"why"** of **"what"** also explains why Barry had to bribe his first sales to Ontario Correctional Services through Nancy Guppy and also why he had to bribe his sales to the Texas Department of Criminal Justice through Andy Collins when that time came: he needed both **desperately** *at that time* since his capacity to survive on "spun" assets or other SBL flow-back proceeds to finance his companies **was quickly running out**, without meaningful sales to even cover his payroll at his margin of 20% on sales. **His financing capital was extremely limited, basically living hand-to-mouth, on fraudulent SBL purchase flow-back but that was running out so that's why he had to bribe his first sales – in the face of commercial buyers who were consistently refusing to buy his flawed tvp (it causes flatulence when used). 'Why'** explains **'where'**, again, in National Bank areas, and in this case, where Yank Barry existed (his home-town) and where Denis Faubert lived and worked as they co-conspired with their dirty loan process: that's why it happened 'there'. In this case it was through numerous fraud artists, sourced by Bernard May/"Batista", around Montreal that wold not pop-up out of the ordinary in loan files when their loans went south. **Why** explains **"how"**: in this case, Yank, the consummate con, disguised a slew of transactions[20] trying to make them look 'real' when really the money was designed to go back to himself and he needed SBL clients to get more illicit undeclared cash income[21], which in this case went to an off-shore fund to bribe Andy Collins of TDCJ.

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having Sonny's product reformulated in effort to legally disenfranchise Sonny from having any recourse to sales from it and throughout the early/mid-summer of '93 Barry and Myers were concerned that apartheid would be lifted from SA that would allow Sonny to go to market in North America with his product, when they were trying to reformulate their own with a few sample bags of his. Same guy who says he sang Louie Louie with "The Kingsman" in the 60's, but, when checked, **not THOSE Kingsman**. There was some effort spent at ED Foods reformulating a product, but it started with Sonny's of SA, **that was never a joint venture in any manner, but merely a knock-off of someone else's idea and product. Can you produce some sort of legalized authentically-dated 'joint venture' document Barry since you never made any payments to Sonny, you just ripped him off.** That was the source of vitapro, that was entirely funded with fraudulent SBLA proceed flow-back and bribed sales.

[20] Yank, the consummate knock-off artist had a complete manner of disguising transactions to appear that's what they were not about: in this case that included the bribe payments made to Andy Collins as well as the agreement they had whereby Collins rammed the Vitapro contract through. The flow-back of SBL funds was another and the employment of family was another: **take the form, but when you examine the substance, it's exactly the opposite.**

[21] That should also be part of the proceeds of crime component (POC) of the US DA's assertions in the Texas proceedings: cash made from selling, under-the-table, with the intent to defraud if that is a necessary element, the Cdn public purse since I think most people would accept that a fraud has been constituted when an invoice between related non-arms' length parties over-states the value of a purchase with the intent of supplying a 'borrower' cash injection which is not legislatively allowed, which was the case here, and, the further selling of this idea to others so that they can do same, for illicit undeclared cash, as was also the case here. In short, Barry criminally conspired with EVERY SBLA expenditure supplier he realized proceed flow-back from – and there were quite a few, since this was his objective in entering into them, as I watched, booked, and was explained to about, (which in this accountant's opinion, means the bank balances seemingly legitimately in Vitapro's accounts that were used to pay Andy Collins were themselves POC – Vitapro didn't have enough **true** sales to cover a $5 k payment, let alone the $10 k that went out – so ALL came from SBL proceed flow-back), as well as the cash

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Using his method of having his SBLA fraud clients find equal friends/family like he had done for his companies, he was able to sell, for cash, the numerous business-loans he did and spread his "cancer", with Denis Faubert helping, all around Montreal. In this case, with the oversight of Denis Faubert of the NatBank, who never refused a SBL loan client of Barry's – the 1st 'inside man' (and much more important than Yank Barry[22]), that 'how' is easy if you have a few people co-conspiring[23]. **Why** also explains **'what'** which in this case was SBL expenditures and loans which Denis Faubert would expend without putting bank money at risk: when the loans would go down, the federal guarantee would be asked for, so Denis Faubert extended and Yank Barry had his clients asked for and received, **only,** Small Business Loans[24]. Faubert knew that he was safe enough from his own process and bank culture not to worry about, what would be, massive amounts of public guarantees being fed on: if 'some went bad' well, 'some do'[25]. In Yank Barry's hands, this went to extremes, **with Faubert helping every step of the way as the critical member of Barry's world**. **Why** explains **"who"**: in a crowd of participants, some will do certain things: some have the residual personal propensity to do things that others do not.

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realized from the sale of further SBLs, through the Barry/Faubert combo to other borrowers, most of which probably went into an off-shore slush fund which, again, Barry was also used to pay Collins. So really, there are at least two intermingled sources of proceeds of crime used to pay Andy Collins his bribe money.
But, on top of this, by and large, the proceeds of crime that were used to bribe Andy Collins were in most part the funds realized from the initial $16.8 M contract itself, several hundred thousand dollar payments of which had been realized by Vitapro before they were paid to Collins. There was a conspiracy to pay Collins out of the contract if he would award it to Vitapro and thus the contract proceeds were in fact proceeds of crime, exactly as the US DA argued.
Vitapro had *no cash* from any sales or true debt to make the payments to Collins, other than SBL proceed flow-back, offshore illicit slush fund cash and illicitly awarded proceeds from the TDCJ contract. The entire set of Yank Barry companies floated entirely on proceeds of crime.

[22] There was only one, to start, inside man in Barry's scheme. My reasoning in staying involved was to paste evidence against that man since while Barry would eventually have many SBL clients, he **had only one banker** who was co-conspiring on the purse-strings to give the loans: and that 'inside man' may have had **MANY** 'Yank Barrys'. In this case there was a systematic process being carried on by the NatBank, of which Denis Faubert and Pasqualle Romanilli were employed, to throw fed.-guaranteed loans out the window as the attached researched news-piece indicates. **That was the 'How', of loose bank culture and corrupt bank staff and I can effortlessly say that Yank Barry came to exist ONLY because Denis Faubert was the inside man financing anything Yank Barry put in front of him, both in terms of floating Vitapro on proceed loan-back on padded SBLA expenditures, as well as allowing Barry to sell further SBLs to fraudulent borrowers in the Mtl. area, to build up the cash in an off-shore account, maybe mixed with by then the TDCJ contract payments taken by Barry as deferred salary and maybe sunk into that slush account to bribe Andy Collins with.**
And, to vouch for and corrupt Barry's criminal trial in the US for bribery, conspiracy and money laundering charges, when it was I on Barry's instructions who made two separate wires to the bribed Collins while Barry had prepped his bankers to say it was their fault that the transfer had been made.
I always looked at Barry as merely a pipeline to Faubert through most of my involvement: he was the one who allowed me to 'build the Eiffel Tower through the soda straw' Barry being the soda straw and the banker being the Tower. In this case I chose to supply purposively deficient business-plans which produced two 'ricochet' comment sheets back from Faubert on how to make the plans look better. And in his Texas proceedings, his dirty banker did come to his aid with a fabricated apology letter when I was the one who made the contentious transfers to Collins. I think that there was a master-plan that the US DA and FBI didn't want me to testify, until the Cdn RCMP had fully prepared the Cdn SBL aspects for prosecution since now we have a situation where **a corrupt banker** has tendered, **fabricated**, impactful, evidence during a US criminal prosecution that led to an acquittal of a criminal. ***I believe you call that obstruction of justice Denis Faubert/Pasqalle Romanilli.***

[23] As well as bribing and threatening the life of one of them to stay in line – me.

[24] Except for my little strategic test one put through at the end of my involvement with these people, which was a provincially guaranteed one.

[25] That's described in the 3rd newspaper piece following, a bank hell-bent on throwing public guarantees out the door to anyone who showed up.

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In this case, Yank Barry, the unaccomplished music artist, who didn't do anything noteworthy in his life, except, who had masterminded an extortion against his very business partner[26], McConnell, through elaborate means, tried. The to-the-core criminal who, with admiration for the local mob and who brags about it to this day, dared to try to bribe his accountant to come along with him on his little epic, as well as threaten his life[27]to keep him in line. And, a pathological liar and, in my opinion, a psychopath who measures himself by how much he can con others into some stupid idea of his, with no practical education in reality or latent-developed brain-power to accomplish it with the **morality of call me a liar if you want, there are plenty of fools in the world who will believe my propaganda[28]. This is a guy who seeks to 'joke with the World' to see if he can get away financially to his gain, short-changing any and everyone if given a chance – and he takes personal pride in it as I watched him operate from Apr'93-Aug'95. In short, "rip off everyone and see if you can get away with it".** ***Yank Barry cheapens everything he touches – he can't do otherwise - as if he's God's answer to mankind and we should look to him as an example when really underneath you'd be horrified.*** That explains **'who'**, a rarity in this case: the proverbial **VERY BAD APPLE** in the bin[29].

In my opinion, **a completely diabolical creature[30] not capable of remorse for his victims**, living by his phrase **"fuck'm in the heart!"** serving as a tragic excuse for some nobody's offspring aimlessly wandering the World figuring out new and interesting ways to insult and harm people, with shark-eyes, no soul, and schemingly desperate for any attention. All the while angrily and adolescently jealous of anyone with honestly earned accomplishment, status, respect or talent[31] and so fragile as a child to the

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[26] And who continues to this day not to a accept guilt, preferring not to talk about it or give his spin on it – when almost all other convicted public figures have no problem admitting their guilt – not so for our Yank Barry - and in the appeal of that criminal conviction attempted to state that the trial judge had been bias because of the behaviour of his then wife: read the appeal – this guy will tear down, personally, judges who don't agree with him, with any means possible.

[27] and tell him 3-4 times about the 4 favours owed to him by the Montreal mob

[28] "**If they really don't look into me**." I doubt if Yank Barry's organizations have ever been **audited** since no one would want them as a client and Barry doesn't need that anyway: **he sells sizzle, not steak.** I did hear however that in 1996-7 Richter Usher Vineberg, his compilation firm, an accountancy firm of Montreal, did terminate their relationship with him, as what he had done was coming out.

[29] Who's proud of his 'schmooze', though really his ability to get others to say beneficial things about him, without them really knowing his insides and if so, too late for them with captured picture or video: ask Celine Dion. As for 'shmooze', Yank Barry's way of finding out if a person can be complicit to accept a bribe/compromise to Barry's favour, he loves to talk (think Wolf of Wallstreet boat scene). He calls it "posturing", a term I hadn't heard of until he put Ontario Foods (of Buffalo NY, his initial product mixer), in play by stating that their $92 k in packaging was totally deficient, when it wasn't – resulting in a cessation of legal action against them and a $25 k manufacturing credit: funny: that's the bag still seen in his sales brochure. He was bragging about his 'schmooze' as early as '93 when I first worked with him since he was forever testing his ideas on me.

[30] Forever conniving for some sort of advantage, even when he has no interest, forever trying to be "the master of his own domain", though really he has none, driven by the childhood mentality that whoever has more toys wins, when he'll never have enough – and that's exactly what those 'things that he seems to have are, toys, equally contemptuous of any system of moral conduct, certainly any type of law, completely pragmatic in form without any substance: **simply put, a dirty mean little child, incapable of anything else.**

[31] I have heard Yank Barry explain that when he was once on a plane after a concert with Mick Jagger and the Stones, per him, that he heard Mick say, about Stevie Wonder also playing, that "Don't ever let that nigger play with me again", while once at Mount Royal, while talking about Celine Dion and Rene that when he came by the studio where they were recording that Celine was always nestled in dirty old Rene's lap as he gave her the finger, while once Rubin Fogel had got Sting to come to Montreal with Barry ostensibly going back stage to meet him and just by chance Wayne Gretzky also was there and when Gretzky left some asked who he was and Rubin explained to Sting that he was "some hockey player". Kind words from 'an artist' whose ASCAP royalties payments in all of 1994 couldn't buy two loaves of bread and I should know since they were a pain to book in the

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vulgar truth about himself. And what's sad here, is that by the time our World finishes with him, **and his ship hasn't even touched its iceberg yet,** that's all we'll remember of him. But, all purported men are not the same.

But enough, you be the judge on the following **truth** of **April 1993 to Aug 1995,** where he came from as **I worked with and for him on a day after day period: I tried not to miss a single thing, listening and acting the whole way. Whether you'll be convicted and sentenced for all of this is not up to me – I'm just a witness and your accountant who booked all your transactions. And clearly 'managed' your 'outside' as well (Thanks for your 'reference letter' boss: and the rest too.)**

In 1993 I was offering free-lance accounting services to small businesses in the Montreal area and Ben Myers, now of Miami Florida, called me as to whether I could train him on how to use what was then Accpac Simply, an accounting software, for the company he was responsible for, Vitapro Foods. I met him at 1224 Mount Royal Montreal, Vitapro's dysfunctional store-front at the time, where they had their offices in the basement next to their starting inventory that Yank Barry had ripped off as I would eventually find out[32].

I met Yank Barry on the 1st-2nd day of working there: he came in wearing a spotted beige trench coat and carrying a stylist, mismatched, hand brief-case. I remember thinking as we shook hands "What kind of rooster dresses like this: this guy likes it loud! And I've never seen taste like this before."

Very quickly I understood that Ben Myers[33] hadn't the simple competence to carry on the accounting function and within days Yank Barry asked me if I would become the accountant for the company since I seemed to know what I was doing[34]. I agreed since it would support my expenses, unknown to me at the time that Yank Barry was the biggest most concentrated fraud artist and generally all-round criminal who I'd ever want to meet in my life. I would be setting up his set of books with Ben Myers help since he knew the back-ground of the company, which is what occurred from Apr to mid-May'93.

I came to understand from Ben Myers behaviour almost immediately, practically needlessly evasive on simple questions about transactions, that 'something wasn't right' about the Vitapro world: with time, I

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system – like why bother Mr. Big Guy TVP-salesman who lives on fraudulent title documents and doesn't even know what a business-plan looks like.

[32] He was the bookkeeper for Barry's companies however was not strong in software at all so needed considerable help in learning how to use it, which he never did.

[33] Ben Myers was a principal of a company called **Rank Trilon**, I initially assumed to be operating only in Montreal, for what I knew of him when he "cleaned" an SBL fraudulent title document for Yank Barry's Vitapro Foods in the fall of '93 **for $14.9 k Cdn. I didn't see the cash come back on that fraudulent title invoice cleaning, but it was discussed at length with me by Yank Barry. It was, on its face, for providing renovations to 1224 Mount Royal, Vitapro's storefront, with Barry impressed with the fact that it included electrical work, showing me Ben's invoice: Vitapro did, needing to cover-up renovation work, have Trevor Russel, a non-related party come in to renovate, for absolutely no use to the company, two of the deepest non-functional rooms in the basement of 1224 Mount Royal, for a total of $3,200, "in case anyone comes asking" as Barry explained to me at the time. Again, no cash/loan was injected back into any of Barry's companies with respect to Myers' Rank Trilon $14.9 k invoice so Barry probably used this for personal use to support his life-style: the work was never done and I was on-site to know.** *Anyone get a construction permit, Ben Myers*? *How about an inspection of your so-called 'electrical work' by Vitapro's insurance co who would want to know of such – no? Do you even have a constructors permit? Did you remit or even calculate your sales taxes?* **Ben Myers Rank Trilon continues in Miami under: http://www.corporationwiki.com/Florida/Miami/rank-trilon-corporation-4332269.aspx**

[34] He said that Ben wasn't as good as I was

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quickly understood that it was Yank Barry. Any medium to highly sensitive accountant can spot something like this very easily: I'm not sure if it was because of the years I had spent studying or from watching movies or from all of my previous influences in studying people as a generally quiet kind of guy but Barry was 'loud' in all my senses on being dirty and I wanted to know how[35]. Ben seemed to be practically evasive or, lacking in memory, about what invoices came to pay what items that were being booked to the financial statements (fs). When, for example I came across a 1-page statement from Richter Usher Vineberg, Vitapro's accounting firm, that $20,000 in computer assets purchased by Vitapro were a capital asset I didn't understand why an accounting firm would issue a statement like that: was there ever a doubt about the substance? When I asked Myers about it he didn't have an answer, very unusual for the bookkeeper of the company.

One of the first things I witnessed that caused me concern was when Yank Barry had a meeting in early-mid May with "Mike and Jeff", principals of Patatie Patata, a restaurant (low end burger joint, exactly what Barry would want as a SBL client with low standards) on the corner of Rachael and St. Laurent, Montreal[36], in the conference room of 1224 Mount Royal whereby I was asked to go downstairs to the office for an hour by Yank Barry[37]: he didn't want me in the meeting. I realized that there was a lot of fishy stuff going on with this "business man" and thought that if I hung around I could learn what and disclose it to law enforcement. When I came back Mike and Jeff had left and there was no discussion about what the meeting was about. A few days later there was a "Batista", front man, who had brought in the Patatie Patata SBL client to Barry, who sold them his loan process, whereby they spoke outside the front of 1224 Mount Royal and Barry was explaining to Batista that "they should do it with their sign": **you don't understand what the "do it with their sign" meant when you see it, but it would eventually be obvious[38].**

In approx. late May'93, while we were in the store part of 1224 Mount Royal, on a very sunny day, when he was wearing light brown pants and a patterned light brown shirt, Yank Barry asked me if I could "sell him an invoice for a bank loan?" I asked him what that meant and he explained that I would give him a fake invoice, for anything, he'd take it to the bank, they'd issue me a cheque, I'd cash the cheque and save the taxes for myself and give him back the balance of the cash[39]. "Oh, this is what has been going on" I instantly thought, and I agreed: as was later said in the movie "Rising Sun", **"time to be amongst them"**, so I printed up an invoice selling him what I had in my assets, electronic databases of The

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[35] The type of guy you can 'smell' from a block away: which is interesting since to this day, no one has extensively called his bluff about disclosing his full past except some very few newspaper reporters.

[36] And diagonally across the corner from Barry's founding partner's office, Rubin Fogel, of Fogel Sabourin, an entertainment production company in Montreal.

[37] Barry and I were sitting at the conference table at 1224 Mount Royal eating Vitapro: he sat at the south-side head of the table and I sat on the west side, on his left: he was wearing his brown speckled shirt and brown pants. It was sunny that day.

[38] Pad the invoice through a supplier-friend. Inflate the amount on the invoice to some extravagant amount, supply the item with some chinzy version, and have the 'supplier' 'loan' back the principal amount of the face value to Barry or Barry's companies.

[39] This was the 'sales proposition' that all of Barry/Faubert's fraudulent borrowers that they put through their process would buy into: get their friends to charge them sales taxes as well, then not remit the sales taxes, keeping them for themselves, while allowing the borrower apply for and receive a tax credit/receipt for them. That way, the supplier would make illicit money, the borrower would make illicit money, and Barry and Faubert would make illicit money. As well as me. Most generally cash. Whether the loan performed or not wasn't ever at issue since it was all government-guaranteed loans that were sold by the Barry/Faubert combo through clients obtained by Bernard May: some did get repaid, by Donald Picard, hastily as my divulgences came out, while others didn't, like Barry's "GLA Music", Claude Di Fazio and Sidney Lallouz.

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Federal Income Tax Act, CRA's Interpretation Bulletins/ICs/ATRs and CRA's Roundtables (CRA should know since my memory isn't absolutely the best here), a version of Xtree Gold (a computer file management/manipulation software) and a copy of WordPerfect 5.1 (DOS) and I actually installed all on his better computer that I was working on: I still remember that he was wearing black pants and a white shirt when I showed him that I had installed it on his computer[40] explaining "This is what you bought in case you get into trouble." He thanked me[41]. By then, like he had said, the bank had issued me a cheque, under the trade name "Canadian Professional Publishing" and I had cashed it at the Insta-cheque branch (cheque cashing service) up the street on Mount Royal and obediently brought him the cash proceeds whereby he counted it at 1224 Mount Royal and gave it back to me to deposit, in of all places, Vitapro's National Bank commercial account, which I did, $980 worth on a slightly over $1,000 invoice. As background to this, the store-front wasn't producing any sales day-to-day, hardly anyone as coming in to buy[42], so this $980 popped up, on the day a, what is a Small Business Loan, cheque was cashed 4 blocks to the west of his store-front. Anyone who has done any accounting knows that anything that hits a bank statement must appear on the books in order for bank reconciliations to be correctly accomplished so I had a slight problem, how to actually book the transaction. And in Canada computer software is written off for tax purposes at an accelerated rate, at that time, 50%/year, so I thought, if this guy is going to take a tax deduction immediately in the 1st year, off-set it with a complete 100% inclusion, before he takes his deduction for it, by booking it to sales[43]. **So, a store-front with hardly any customers[44] had $980 in extra, cash, 'sales' the day a SBL cheque was cashed a few blocks up the street by its bookkeeper. This SBL flow-back pattern then became very prevalent all over Yank Barry's world[45] as Barry explained it to me.**

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[40] In his basement office

[41] I don't think he realized that technically there was no fraud on that transaction, going in, since the specified assets had been delivered: **unless he would like to state that there was fraud there – it's up to you Yank Barry. Stupid man. I knew I'd love you enough to give you an up-front gift.** But I didn't get back my self-accepted 'gift': the other 'loans' were paid back though to all the other guys, eh. **All designed to fraudulently give a dirty businessman cash-flow that the SBLA specifically did not legislatively allow for.**

[42] His two flavours of powdered vitapro were being sold at a rate of $10/1 kilo bag and for all intents and purposes, no one was buying them: he did have some small sales, 2 -4 bags a day **here and there**, but hardly enough to support the expense load of his company, let alone his utilities and/or rent ($1250/mth.). And forget about payroll.

[43] I could have booked it as a loan but he hadn't described to me by then how the SBL proceed flow-back was being booked (this also explained at the time Ben Myers evasive behaviour), but simply wanted to really mess him up: Yank doesn't know anything about accounting.

[44] Vitapro was selling its 1 kilo bags of its two flavours "Beef" and "Chicken", seen in its sales brochure on the web, for $10 each, and again, there were hardly enough sales to pay the utilities, let alone the personnel or the rent.

Vitapro wasn't founded on sales of Vitapro tvp: it was on fraudulent proceed-flow-back from padded invoices supplied by close associates which came back as 'loans' or cash payment to Yank Barry: that's where the cash-flow came from.

[45] **The asset acquired wasn't ever important in Barry's scheme – the flow-back of proceeds as "loans" to his companies or to him personally was. It was never about the asset – it was about the flow of the funds once Denis Faubert extended a Small Business Loan guaranteed loan on it into the 'supplier's' hands to generate the flow-back to the borrowers hands'. This was the 'sales proposition' to all his fraudulent borrowers that he put through his system and that encouraged them to obtain a SBLA loan: make money on the loan and let it collapse.** In this case it happened to be the only tangible asset which I could supply and the next time Mr. Barry is talking to FOX news, etc., he can explain why his fledging, just established food company would ever be interested in acquiring electronic databases of the Cdn. Income Tax Act, CRA's administrative documents, etc., when he had absolutely no need for them, except to get funds into his company.

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That "pin-prick" "got me in" since Barry then understood that he could rely on me for his dirty deeds and came to talk openly about everything he had done in the past in the set-up of Vitapro Foods. And even back then he was a braggart. He explained that he had his partner Rubin Fogel, of Fogel Saboruin Productions[46], fabricate same type of fake invoices for him with respect to the creation of a promotional product video for the company[47], as I noticed that there was a loan from Fogel of, starting, $71,000, he had had a family member, "Sheldon" do the same for computer equipment (that's what the $20 k accounting firm's note as about, for the bank's loan files)[48], Barry and his bother Steven had actually done a lot of the renovations at 1224 Mount Royal, when a renovations company, Kongia Construction, had billed for same and given him back substantial proceeds, and I instantly understood that there wasn't almost a single balance, save for rent/utilities/ some payroll that was legitimate and didn't have a story behind it. **You've never seen a softer set of books**[49]. I also understood this to be since I had personally seen Rubin Fogel and Ben Myers flow-back a federal-guarantee Small Business Loan cheque **within 1-2 weeks of my start**, unrecognizable to me at that time for what it was[50], when Barry had me go with Myers to the office of Fogel Sabourin to meet "Rubin" whereby I was asked to wait outside Fogel's office while he wrote out a corresponding cheque for a SBLA cheque received from

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[46] This is the same **Rubin Fogel**, of **Fogel Sabourin**, who in later years arranged through René Angélil, Celine Dion's manager and husband, to give an audience to Yank Barry and Muhammad Ali on some sort of, purported, philanthropic mission to Africa, only to have her, video-taped, "smash-and-grabbed" personal endorsement to this token little cause twisted by Barry, bragged about on Barry's Facebook, refusing to take it down, and constantly referred to by Barry as one of his "Champions". "Rubin, did Rene know when you called him that day to put Barry in contact with Dion, **to have her reputation raped by your friend**, that you had criminally floated Barry's Vitapro with approx.. $110 k in SBL flow-back and were an accomplice in his attempted $110 k insurance fraud?", says Yank Barry's own bookkeeper! **Same Rubin Fogel who criminally padded opening "invoices" for Barry to get Yank Barry's Vitapro going. I mean, "if you're going to criminally conspire give a criminal cash-flow to float his little garbage company, to which legislatively he's not entitled, and also provide same fake invoices for an insurance fraud why not also criminally help him con Canada's biggest pop-star so that he can roll it up for more: it's just "another level" as Yank Barry would say.**
Donald K Donald also promotes music in Eastern Canada: though I've never met him, I don't think he's like you since if you're willing to do this Fogel, are you financially screwing your acts as well?

[47] Barry had his girl-friend/wife Yvette Findley/Barry, of Sarasota, Florida act as the demonstration model for the video to cut costs – you can easily see her **shortened left thumb** in the demonstration video and she was the one who pointed it out to me. **Nothing like keeping it in the family. The video maybe cost $2000 to produce but somehow there were loans back from Fogel of $71,000 on invoice face value for it of ~ $80 k. That kept Barry's companies in float, until that ran out and he had to also stage an insurance fraud: the thirst for money, for a company selling something that no one wanted.** (It causes a lot of gas: try it, Texas did.)

[48] He had "purchased" for $20,000, one very low quality computer and one other better quality which I did the acc'g work on. "Sheldon" had also supplied a pirated of GeoWorks, with a photocopied manual, said software existed in the early days as a platform similar to Windows, before they were bought out/folded. He also supplied an OkiData printer, the same model I actually had at home. The one at home cost me $750 if I remember correctly: so there was plenty of fluff area on a $20,000 invoice, for SBL proceed flow-back. Two computers, one really useless, and one printer and some pirated software, worth an estimated $5,000 produced an invoice, to be commented on by Barry's accounting firm, of $20,000. Good flow-back there.

[49] All 'disguised' to generate flow-back of the cashed expenditure cheque to either one of his companies as a 'loan' or to himself, never to be seen again. What was really bad was that on the Jan'94 yr-end compilation of YB Productions, as the RUV auditor asked to inspect source documents to validate opening balances on the books Barry's excuse back was that "he had lost them all in a suit-case": a perfect client from hell for an auditor from RUV.

[50] I seem to remember the cheque flow-back to Barry's company was for $16,000 so maybe when Rubin Fogel isn't too busy arranging for Yank Barry to take advantage of Celine Dion, **as he has done**, he can comment to Barry's FOX News on how a SBLA expenditure to his company, Fogel Sabourin Productions, resulted in a $16 k 'loan' back to one of Barry's companies. Probably for a fake video. **As well as the others.**

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Myers, made payable to Fogel Sabourin and, after the brief hand-shake, Myers deposited into a Yank Barry company on the way back to the office[51]. **Maybe Yank Barry can explain to court, or to FOX News, how the instance of my invoice came to be. As well as almost all of his others[52]. Beautiful pattern here Yank Barry.**

But, there was something else much more serious that happened. In mid-June'93 I was in the basement office with Barry and he got a call from upstairs telling him that Bernard May had arrived to talk to him. Barry again asked me to leave the room as Bernard May came into the office[53] and I worked on the inventory 15' away from the closed door for about 30 minutes before I was called back into the office. When I went back in after May left, putting his wallet back into his pants while wearing his 8 Ball leather jacket, I immediately noticed a 3.5" rubber band bound bundle of Cdn. cash on Yank Barry's desk, blue and red thin bands, with a 20 at the top, Queen's face up. Barry asked me if I knew how to write a business-plan for a business that would be getting a loan: **he didn't say that he had a friend who was applying for a loan, he said he'd be getting a loan as if it was a done deal already.** I explained yes and he took 5 $100's (Cdn.) off the bottom of the stack and gave them to me telling me he'd be having a client of his, Donald Picard, come by in a few days and I would write the plan for him. Barry then took a further approx. $2,000 off the bottom of the stack and put them in his brief case after counting them, in one side, while also putting the rest in another compartment of his stylish brief case and said he had to go to the bank "to talk to Denis".[54] I didn't even know who Denis Faubert, Branch Manager, of the National Bank, was at that time. Approx. 2-3 hours later when Barry came back he called Bernard May from his desk, 7 feet from me, to explain to him that everything's good and that

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[51] Look where the cheques went Fogel – to your company and then back immediately to a Yank Barry company: same pattern.

[52] Flow-back from SBL expenditures were:

- **Rubin Fogel of Fogel Sabourin Productions** for "promotional videos" in at least 3 different instances showing as loans back amounting to up to **$110,000**
- His **nephew/cousin "Sheldon"** who supplied **$20,000** in low quality computer equipment w proceeds to Barry personally
- **Kongia Construction** who Yank Barry bragged to me had given him back considerable cost for the renovations to 1224 Mount Royal (Kongia then went on to do same work for Evo Design, another Yank Barry SBL client)
- **Rank Trilon (Ben Myers)** of Florida for **$14,900** in fake renovations to 1224 Mount Royal that went back to Yank Barry personally
- **Yvette Findley/Barry**, his wife, for a **$1,700** loan-back for fake window design for 1224 Mount Royal, when the store was, effectively, closed
- **Gary US Bonds**, some music artist, on a fake asset spin that netted Barry's companies **$56,000**, and $44,000 to Bonds, for an already-owned asset, for $100,000, when its value was $0
- **ME,** for **$980** in 'sales' for an asset that had absolutely no use to his food company, 'on the way in', and,
- **ME,** for $**16,600**, for consulting services, $14400 of which was strategically extended to garner a look further inside, loaned back, to be extorted off the books when I left.

And then you have **$21,000** in insurance fraud proceeds, that were staged by me on Barry's request.
That was **99.5% of Vitapro's on-books cash flow – with practically no sales at all (<$2,000)- to support his corporate expense load *from Feb'93-Nov'94*: stupid little man perpetrating the same pattern.**

[53] The same as what happened with "Mike and Jeff" of Patatie Patata previously.

[54] **He didn't ask me to give him a receipt and I didn't give him one: it was understood by both he and I that no one was supposed to know about this. Both he and I understood from his statements that all this activity would be under the table. Donald Picard paid cash for his SBL loan through the Barry/Faubert banker who didn't want to meet him in the branch. As I saw. All SBL clients of the Barry/Faubert combo were like this – cash up-front and a business-plan paid out with on-supply to Faubert who would then automatically extend the loan.**

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"Denis will meet him outside the branch"[55]. That was the trip-switch that caused me to instantly understand that Denis Faubert was in on Barry's loan selling business: why would Barry be in front of me telling his front-man who brought in Donald Picard **that the banker and the loan applicant would be meeting outside the branch**. I was told by Barry that "Donald Picard" would be coming in in the next couple of days to have his business plan done. In a few days, 3-4, Donald Picard did come by and he asked Barry in front of me whether "I was good" to which Barry vouched for me agreeing[56] so Picard and I sat down in the basement of Vitapro's 1224 Mount Royal store-front to compose a 'business-plan'. **The business plan I wrote I tried to ensure would incriminate the parties involved: if I could get it into the loan files of the Bank it would be realizable by law enforcement on a seizure so plant an obvious cookie-crumble with something no rational banker would accept for an est. $180,000 loan: it consisted of approx. 12-16 pages, double-spaced half pages with 3 1-page very simple financials, the BS, projected IS and a break-down of Picard's costs for his 4 products (you can read the Gazette for the product)[57]. I wasn't asked to revise the plan, make it better[58], etc. and the loan went through: I instantly knew, with 100% certainty, that Denis Faubert was being bribed to extend bad Small Business Guaranteed loans to Barry's fraudulent business-men clients[59]. A banker who accepts garbage business-plans, ostensibly meeting his client outside the branch, to extend what turned out to be $180,000 loans to the likes of Donald Picard who had just had a front-man sourcer put 3" of cash on Barry's desk, while also understanding, as explained to me by Barry, how Vitapro came to be vis-à-vis padded invoices.** And I had just seeded down one 'fish-hook' in the form a very deficient business-plan for a loan that was extended to the amount of approx. $180 k to "a business-man" who can impersonate Rodney Dangerfield[60] in his daily manner, and be proud of it. I later learned through Donald Picard who asked me to do some database work with some client-contact cards that he had made money through doing the same with his renovations as Barry had done with his: SBL expenditure flow-back[61]. ***Street-corner drug-dealing Picard "opened the door" for me and Yank Barry held "it open" from then on. And then "the rest of the camel came into the tent".***

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[55] He was wearing his black and white dinner jacket w/ black pants and white shirt as he did this. Leaning back in his office chair.

[56] Probably because I didn't baulk at his admission of all sorts of fraudulent transactions as well as doing one, seemingly, myself.

[57] It was actually a good one compared to the toilet paper that I slowly made worse as time went by.

[58] I was rarely asked to make any of my b-plans look better, but there were 2 out of the series. Faubert would take anything for a plan and I suspect that Barry only wanted my involvement since he would be running this illicit business from his immediate surrounds and that he'd need me to keep quiet about it so pay the accountant for some little-needed work. I never did see a Vitapro business-plan while there – there may not have even been one. **I would equally done the plans for free, but when a criminal is offering you cash to do something, I reasoned that you don't turn him down if you want to keep him coming back to you, to allow me to have access to his little 'business': make him feel comfortable.**

[59] **Around Barry's world he used the term "SBL" like a verb, redundantly saying here and there that Denis would "SBL it" or that an expenditure could be "SBLed". Faubert completely, criminally through conspiring, opened the public purse to him.**

[60] I was told by Campbell Clark of the Montreal Gazette that Donald Picard had been convicted of drug trafficking previously. In fact, Claude Di Fazio, a later SBL client of Barry, sourced by Bernard May, has also just been charged with drug trafficking in New Brunswick, and another client that Barry spent time in prison with and who also bought into Barry's loan business, was Sidney Lallouz, who was a bigger drug-trafficker than the others obtained a series of 7 such loans from the Barry/Faubert combo. Sidney Lallouz then went on to get caught importing 22.5 tonnes of hashish into Canada. It can obviously be said that the combo Barry/Faubert enjoyed their drug-trafficking SBL clients: someone should ask them someday if there was a check-box somewhere, or, was it any low-life who wanted to bilk public funds who had the up-front cash who would do.

[61] Kongia Construction had also done 'renovation' work for EVO Design, Picard's company. Picard explained that he had made money on his renovations when I was quizzing him to do his accounting: **GET INTO EVERYONE YOU CAN. Whatz ya thinking Rubin Fogel?**

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During the summer of '93 Yank Barry asked me if I knew anything about international sales since he also wanted to sell vitapro to distributors in other countries so I contacted the federal Cdn Dept. of Foreign Affairs and obtained from them information on their Program for Export Market Development grant system (PEMD grant). Up until then Vitapro's only 'large' client was Bob Good, a golf partner of Florida of Yank Barry who had 'bought' $5,267 worth of vitapro, just to put something on the books as Barry had explained to me[62]. I obtained the list of Cdn. Embassies in approx. 24 counties and had sent them the 'sales proposition' of Vitapro, which included a list of bogus clients in Canada[63] and he got back lists of distributors in those countries: he didn't do anything with them. But when he asked me about market grants I contacted Foreign Affairs on Aug 20th, 1993, from the then non-selling store front of 1224 MR to confirm that Vitapro would need sales of $200,000 to be considered eligible. So, as usual, Yank Barry simply asked me to artificially add $200,000 in sales, to his measly sales to-date, and the forms went in. Vitapro didn't get a PEMD grant[64] and for the next 2 months I listened to Yank Barry explain to anyone who would listen to him that the PEMD system doesn't work as the bookkeeper thought "Just not for you."

Part of that 'international sales effort', and I still don't know how it came to be, but one day Yank Barry had arranged to make a presentation to two Mexican/Cuban government representatives to show them his tvp: he had even bought 3 long cigars for the occasion and I can still remember how quickly the dingy downstairs offices (low ceilings) filled with cigar smoke as they talked more about cigars than they did about the product. The Mexicans/Cubans agreed to try a pallet of tvp to see if they had any use for it, if they could get it for free, so Vitapro shipped them one pallet, on the house[65], via Panalpina[66]. No sales to the Mexican/Cuban government resulted from that[67]. A few weeks later, the Barry's decided they'd do "a tour of Cuba" with their tvp and flew themselves and Allan Falovitch/Neil Floyd etc. down to Havana to stay at the Nationale Hotel. Somehow they solicited enough local interest[68] to have enough people come to a banquet at the Nationale to spend $1498 on, including, 96 bottles of local beer in the sales pitch which is all I heard when they entered the office since Barry was contesting the bill at the Nationale but, ostensibly, they had told him, per what he told, that they'd wouldn't get out of the country (without their passports) without paying it. That led Barry to immediately call VISA to try and cancel the charge: didn't work. So, that was Yank Barry's *Vitapro Cuban Adventure*: free give-aways to some cigar-smoking Cubans, WITH FREE SHIPPING, and then a follow-up 'sales push', to get *trapped there* until he paid the bill for getting them tipsy. No sales resulted[69].[70]

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[62] That receivable was never paid while I was there – but then again – Barry had legally extorted his opening inventory of the tvp mixed by Ontario Foods of Buffalo, New York, so it cost him absolutely nothing – the $92,000 was written off under threat from Yank Barry, as I listened to him talk about their 'posturing' with Yvette and Ben during the early summer of '93.

[63] At that point, Barry couldn't find anyone to buy his vitapro and added **padded charities** in his 'list of customers'.

[64] Amount was up to $7,500 to off-set representational expenses in selling to foreign countries.

[65] It was pretty easy for Barry to do this, after all, he had ripped off his opening inventory from Ontario Foods of Buffalo, New York by creating claims of malfunctioning packaging, so really all he had to pay was Panalpina to get the pallet to Cuba. $960(?)

[66] Freight-forwarding company

[67] Maybe they fed it to their hogs too, like Texas had to.

[68] Maybe through contact with the two Cuban officials who had already visited

[69] The Barry's probably, though publicly stating that they had a client in the Cuban government, really think "Remember the time that we TRIED to sell to Cubans."

[70] As one bookkeeper waited to gong the proverbial gong on the whole show: just a waiting game. "Please Mister Banker, come back again…a few more times. Just come do 'that' again…!"

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In fall of '93 Denis Faubert actually came by the store to visit Barry and I was introduced to him in the basement offices of 1224 Mount Royal. He was wearing a light grey suit with a red tie and he looked at me with slight concern. Barry and Faubert then went out to lunch and that was the 1st time I met Denis Faubert. Subsequent to that one time, in the early Fall of '93 Barry came back from ostensibly a meeting with some "David Millar", who to this day I do not know who he was/is, and had me submit to one of his first threats on my life. He had taken off his dark blue trench coat and hung it in the closet in the conference room of 1224 Mount Royal and was wearing black pants with his checkered black and white dinner jacket on this rainy very late afternoon. He told me to hold out my right hand at waist-height and he grabbed it and looked right into my eyes and explained that this is what he had done to him saying "Fuck with me and I'll bury you!" I took that as a personal threat to me since he had just said it to me and I realized that it was meant to be since by then Barry was talking about his connections to Frank Catroni and that the mob owed him "4 favours" which he recounted 3-4 times while I was involved with him (Apr'93-Aug'95). From that point on I felt 4-5 inches shorter than Barry around the office, wondering what he was capable of doing[71].

In the winter of '93, while he was still at the 1224 Mount Royal offices, Bernard May had brought in another Small Business Loan fraud client and Barry asked me to write the business-plan for him. I was in the d/stairs office at 1224 Mount Royal and Barry came to the door-way between the offices and the warehouse section of the d/stairs and explained that **I should also explain to him the process as well. I agreed instantly since the client had already been sold on the scheme – why else would he be presenting himself as a client – and I was also told not to reveal Barry to him – which the client wasn't supposed to know the loan-broker, Barry, who was selling the process to him.** I wanted to get another deficient business-plan into the loan file – if I could put down a pattern of such I'd have a chance of proving the banker corrupt and allow a prosecutor to be in a position to prove a conspiracy[72].

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[71] Starting in the summer of '93 Yank Barry's enforcer brother, Neil 'Ghostdrummer' Floyd started hanging around 1224 Mount Royal and got caught shop-lifting 2 blocks away, at a jewelry store, and was convicted. He had also bragged to me that he loved to shop-lift including stealing parrots out of pet stores so I started to wonder where Yvette had obtained her parrot "Paco".
On the side, Yank Barry's was not at all supportive of a bi-polar such as myself since over time I came to have innuendos of losing my life from Barry, Floyd and Barry's sourcer of SBL clients, Bernard May, but I also had to spend my time 'entertaining' Yvette Barry, both when Yank Barry went out of town when she'd call me and we'd go out to some Cresent Street clubs, but also by playing cards with her in my office as I did my acc'g work. I loved to listen to the gossip about what Barry had been planning as she almost always lost – not too good at gin-rummy – but she would like to get really personal by explaining such things that she had a, in her words, "shit looking birth mark on my upper left thigh", Yank being cheap on his use of every last molecule of toothpaste and always having a bath before having sex with her so she wouldn't get pregnant (or maybe he just stunk) and that she had once been having sex with a former boyfriend – "Gerald" – with her on top and she had accidentally anally impaled herself. I was thinking about this hash-smoking child "Do I really have to listen to this since I don't care?" So, on a daily basis, I never knew, by the summer of '94 what would happen at work that day, a death threat or having to listen Barry's wife's anatomic features or sexual escapades. And, look after the parrot at the same time. **About as far from a professional environment that you'd ever want to wander: "nothing normal around here". <u>Including his "SBLing" banker(s). NOT, ONE, THING, STRAIGHT!</u>**

[72] I reasoned that I would remain in the position to try and do damage to the process by writing these 'plans' so I could explain the process to the client: by then the client knew how the process did work however since why would they be putting the money forward to start the process without having it explained to them by May. They knew before they got to me as the plan-writer so I chose to maintain this access. Barry probably tried to draw me in a much as possible by instructing me to do this since that would further reinforce his belief that I wouldn't squeal, like he would later have me authorize the first of the off-shore bribe payments from an account I didn't even know existed, to Andy Collins in Dec.'94: draw in the other party as much as possible. I didn't mind: I got to paper the whole "insides" of them.

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Approx. 4 days later, after communication with Bernard May, the cut-out who brought Claude Di Fazio forward as the loan recipient, I met with Claude Di Fazio at my 111 Rielle Street apartment in Verdun, Quebec, on a snowy night. He came in wearing a blue wind-breaker, white running shoes, jeans, and a white tea shirt and explained that his business was the installation and servicing of residential satellite dishes and we sat in the front-office of my apartment and I worked on the "business-plan", same as before, only this time even more deficient, and I explained how the process worked I explained it to him, as explained to me by Barry and clearly evident all over his surrounds[73]. **When Di Fazio asked me where he could get invoices I volunteered to sell him one: for computer equipment and software.** I had up until then witnessed a dirty banker extend a loan on a clearly deficient business-plan, look at me with concern on the 1st meeting with him after accepting a terrible business-plan, had watched Barry do same with a client, Patatie Patata almost finished when I was starting with Barry in Apr'93, **so if I could not only link up these borrowers with business-plans, but also token invoices, when they'd be defrauding the system regardless, linked to me as Barry's accountant, I'd be that much further ahead in condensing the smoke to prove a fire: basically instead of imposing myself as a Chinese wall between Barry and his SBL client as he was asking May and myself to do, making sure they were linked instead[74]**. I did not ask Di Fazio how much he had paid May to pass on to Barry, the client seeker, for the loan, but it was paid since he wouldn't be there having it done[75]. **In fact I never did ask any one of them once how much they had paid – I didn't need to know to do the damage that I wanted to do. And not one of these parties can supply a negotiated cheque as payment for loan-brokering services to Yank Barry or his companies[76].** Di Fazio agreed to buy an invoice consisting of computers/software and Barry didn't even know that I had done this when I got a call from Di Fazio, after I had obtained from my computer supplier the serial numbers of the equipment I would be selling to him and produced an invoice for Di Fazio's company, using said serial numbers: **in Quebec, banks extend loans with security of clearly identifiable assets, identifiable with serial numbers.** That invoice went to the National Bank which gave a cheque for $11.7 k payable to Cdn. Professional Publishing, my trade-name, and Di Fazio gave it to me in a restaurant on the corner of St. Denis and Mount Royal after I excused myself from Barry's 1224 Mount Royal store/office, a few blocks away. I took it to, again, the Insta-cheque on Mont-Royal and brought Di Fazio back approx. $8.3 k in cash which I gave him in the bath-room of that restaurant. He had 2 of his thug friends with him to try and make sure I didn't run off with the cash, some stupid idea[77]. Barry didn't know I had done this. **Except, why not make it even better: Barry loved putting through fake tax deductions[78] so I asked him if**

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[73] I would supply the 'business-plan' to Barry at the offices of Vitapro when I saw him the next day to hand off to Faubert: all the loans extended worked like this.

[74] I would equally attempt same by offering to do Donald Picard's EVO Design accounting, as a 'free-lancer' since that too would further knit it back to Barry while the only thing I could get was "I mind my own business, how about you." from Picard. I did, however, have a customer list for Picard digitized, for EVO on request through Bernard May, his personal friend (who brought this first client in to Barry's SBL biz. while I was there), like all that followed except Sidney Lallouz – "Batista" brought in Patatie Patata, that was going when I arrived in Apr'93. So, I got a stitch in there.

[75] Except for the Donald Picard payment for EVO Design I saw on Barry's desk, and that Barry had told me subsequently that the banker and him were making 15% and that I paid him for mine at the end, it was very clear that the borrower would put up the cash funds "just to get in the door" – what the loan amount was that was eventually extended I did not find out.

[76] **And no one probably declared it on their T1 tax returns so it was all under the table.**

[77] He knew where I lived.

[78] He was charged with tax evasion and has paid the relevant fine. An example would be when I was putting up a tbbs (telephone bulletin board system) – the predecessor to the internet that worked off the tele. system connected to a computer, and had had to have the software shipped to 1224 Mount Royal instead of my

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he'd like to pay for some computer equipment I bought and he could get the deduction, I'd pay him back personally for the corporate cheque[79]. Link him up to the purchase with a cheque for the same equipment and he bobbed off to his dirty banker, Denis Faubert, to get, of all things, a Small Business Loan cheque[80]. **I wasn't expecting THAT, a mere cheque would do, but I got lucky. I then paid the computer equipment with that cheque** and brought the equipment to Di Fazio's Laval outlet and installed it: fait accompli. I also ran back to Microville to get some unused blank invoices and brought them back to Vitapro and we had Yvette, his wife, hand-write out the particulars of the purchase[81], since I told him I needed my copy for my use, **and I made sure she also wrote out the serial number**. Barry then took it to his dirty banker to make sure the loan files were kept in order, and the security was registered, **with the same serial numbers**, and that's basically how Yank Barry pointed his 'own gun' right between his own eyes, with the hand-writing of his wife, on my instruction, and shot himself. **That was the exact flow of the documents in this event and that's very important since it shows that Denis Faubert of the National Bank was willing to issue Yank Barry federally guaranteed SBL expenditure cheques *without Barry even presenting an invoice.*** The result of that was the direct connection of Barry to two SBL expenditures[82] which were based on fraud, the elimination of myself as a Chinese wall, against what he was trying to do, and a tax evasion[83]. I subsequently gave Barry 5 personal cheques of mine, payable to him personally, and one cash payment of $200 ("in case

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residence since I was always there. I didn't have a cheque to pay the UPS COD delivery so I asked Barry to pay for it with a Vitapro cheque ($136 Cdn) which he did. The next day I wrote out a personal cheque for the amount but since I had been watching Barry and Myers tax cheat on expenses so I decided to leave the payee blank to see where he'd put it. He asked me how to make it payable to cash and I simply said, write out cash which he did. When he went to cash the cash cheque for cash he apparently didn't go near Denis Faubert, who would have probably opened the cash drawers for him to take what he wanted, like he was with the SBLA, but went to a teller who had him sign his signature on the back – so much effort, for $136 in cash: needless to say, the tbbs was booked as usual as an asset and nothing was said to RUV, and it was expensed. Perhaps FOX News should ask our Moron of this epic this so that he can explain: was he thinking of 'ruling' the tbbs World with Vitapro in July'93 by buying software for his company and cashing an, **exactly,** same amount of cheque from his accountant, **payable to cash shortly thereafter. And carrying it on his company's books, like Ben Myers American Express personal expenses.** I left the payee open to be able to prove that he was the author of his own tax evasion and that he couldn't pass on legal liability to me: I didn't write the payee name in, he did, on his own accord.

Another such instance would be when Barry's perverted doctor friend, **Elliot Rappaport**, decided he wanted to take the family to Disney World, **on Vitapro's tab**, by having Vitapro carry the expenses but reimburse Barry personally for the expense of the trip. Such included having Rappaport tender a **faked IATA card**, of Barry's, to be eligible for discounted check in at Rappaport's hotel etc., whereby I had to zip down to the East end of Montreal to a printer I knew to print up a fake card for Rappaport. **Again, the expenses were put on Barry's Vitapro, with repayment made to Barry personally, while Barry's perverted doctor friend got the IATA discount.** Look up Rappaport on the web: you'll find out about some of Barry's fake tax deduction friends. "Given that you assisted Yank Barry in tax evasion Mr. Rappaport, do you think the FBI will like it with respect to your further rip-off of merchants with that fake IATA card? That's fraud. That's a bit different than sexually and psychologically abusing your female patients, isn't it?"

[79] Ben Myers, former bookkeeper, was forever issuing cheques to Barry personally to cover his personal use of the Vitapro corporate American Express credit card. "Feed it back to him like he was used to …"

[80] Barry got the cheque, payable to Microville, **before he even had an invoice** – I retained the Microville original invoice, now in the possession of the RCMP, **so Denis Faubert was illegitimate enough to extend a SBL cheque, even before he obtained the actual invoice.** The SBLA cheque was for $2,200.

[81] She was wearing faded blue jeans, a white golf shirt, and her white running shoes, sitting facing W at my desk in my basement office in front of both Barry and myself, following my instructions

[82] Yank Barry's company paid for Claude Di Fazio's fraudulent transaction, and he piled himself on top with another fake SBL expenditure not realizing what he was doing.

[83] It's pleasant the explanation Barry explains to the Gazette: a complete lie trying to cover up the facts.

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this is ever brought to light" NOT TO ALARM YOU, CRIMINAL FREEK), exactly of which was the norm with his previous bookkeeper Ben Myers and his payment of expenses to Barry personally for American Expense c.card charges that Myers was incurring that the company was paying for: **paid back personally to Barry, outside the company, though with deduction for the company**[84].

Claude Di Fazio got his loan. From Denis Faubert and through Yank Barry, whereby he had at least one fabricated invoice from me strategically accomplished, and had incurred also additional fabricated costs such as furniture bought at an auction though undoubtedly billed for at premium prices, as well as, admitted to me, renovations, with flow-back as Barry had done with Kongia had done as well as Donald Picard. I was paid the usual $500 in cash by Yank Barry[85] to compose the 'business-plan' before the loan was extended[86].

At about the same time that Barry was starting to process the Di Fazio bust-out (systematic bilking of the taxpayer through forged title documents producing cash flow-back to the borrower then the borrower going bankrupt and having the Cdn. taxpayer guarantee the loan payment) Barry started to set up his "GLA Music". Before we had moved from 1224 Mont Royal to 5 Redpath Row he had explained to me that he was going to do another SBL for a company he'd create, and then bankrupt it after he had bilked it out through the SBL Program as well[87]. Again, he had me compose the 'business-plan' for such, again, a deficient one. **And again, it was instantly approved by Denis Faubert of the National Bank: as usual, "a sure thing, just give it to me"**. It was for the creation of a music record of Gary US Bonds, some artist I didn't even hear about before and who I wouldn't have heard about except from Barry. The business was supposed to be for the production and promoting of Gary US Bonds, some music artist (who probably didn't pay his taxes on a subsequent master-tape transaction). Barry had $100,000 in written-off 'master-tapes' stagnating at MasterSound Astoria in NYC, they were there since Barry had not paid his bill for years and was forever, while I was there, cutting them puny cheques of $100-300 to pay off the bill, not even monthly. He devised the scheme, again with principal SBL proceed flow-back, whereby he paid off the small balance of his bill at MasterSound[88] and **he had me type up an invoice**

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[84] Ben Myers also supplied a fake invoice for Vitapro, while at 1224 Mount Royal, in the early winter of '93, under the name of Rank Trilon, Ben Myers company now exists in Miami under that name, for $14.9 k for "renovations". He produced the invoice himself for that – Barry liked the fact that it included fuse-box work when he was looking at it in the basement of 1224 MR: "it includes electrical, that's good", dressed in checkered black and white shirt, black pants in the basement office. He then tried to cover up the fact that renovations had to be done in case anyone comes in so he contracted Trevor Russel, a carpenter, to dry-wall and paint the two most northern basement rooms: total bill for that, again in Vitapro's books, was approx. $3.2 k. I didn't see the $14.8 k from Myers cashed Rank Trilon SBL cheque come back to any of Barry's companies so that maybe went into the slush fund Barry would eventually create off-shore to bribe Andy Collins at TDCJ. Barry and Yvette Findley, his now wife, were taking small salary from Vitapro but not enough to pay the bills so flow-back to his companies that didn't appear as 'loans', that didn't go near his companies, were going into his back-pocket.

[85] The cash I realized on this process, I never asked for a cheque – don't spook anyone and it was always understood from the first plan that I'd be receiving cash – **and Barry didn't ask for cheques from his clients either, only cash**, was $400-500 each, generally $500.

[86] I**f you can 'get out ahead' of these loans going into the loan files, you can have each carry legal cyanide in the form of these plans into the loan files:** it's just a question of tolerating the day-to-day obnoxious character of Yank Barry and his immediate surrounds and knowing that at the end of the day, "everything goes upside down" and everything comes to light.

[87] In the basement of 1224 MR at his desk. I typed up the business-plan for GLA on his rickety old computer there with him aiding me, again, a 10-14 pg, half pages, double spaced, with very simple 2 pages of BS and IS: a junk one.

[88] And had me type up the release letter to authorize them to pass possession to Gary US Bonds of said master-tapes.

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for the SBL expenditure of buying the same mater-tapes from, Gary US Bonds (Gary Anderson) for $100,000. At exactly the same time he had me type up an invoice for Gary US Bonds from YB Productions for $56,000 for recording sessions, pending[89]. That way, on a $100,000 SBL expenditure for master-tapes that he had written off and was paying the bill for in small increments were brought back into assets at a cost of $100,000, to the Cdn. taxpayer, **which had no value**, while also putting $56,000 back into his other company. Gary US Bonds made $44,000 on the deal, the difference, on tapes that he didn't own and were the object of the fake-invoice spin by Yank Barry. **And, like the bribe scheme to Andy Collins, Barry disguised the flow as money by calling it for recording sessions, when really he only wanted the money back**[90]. How did he describe his relationship with Barry, oh ya, Gary US Bonds described him as "a friend for life". There were sessions at Morin Heights orchestrated by Barry whereby Bonds sang some songs and produced "an album", that was commercially unviable, so Barry simply refused to pay off the loan and that, again, put the SBL guarantee exposure, exactly as he had planned. **With $56,000 back in his pocket and the master-tapes in his possession[91] as his "friend for life" pocketing $44,000, he made off pretty good.** Oh, Barry also had Gary US Bonds teeth fixed by Dentist Dr. Gold of Westmount, for the amount of approx. $2,000, again, on the taxpayers' dime since the proceeds of crime had already been realized when the loan went down: **love your smile Bonds**. (To be fair, Barry did incur approx. $29 k in recording expenses, excluding the lavish costs of steak dinners at Morin Heights which I attended, "Gary US BONDS WAS HERE – COME MEET HIM![92]", but they were covered by the full $225,000 SBL loan balance after the Gary US Bonds bilk.) **Not bad bust-out when you have some old assets laying around that you have no use for and need some cash to support your non-producing Vitapro Foods Inc.. Again, Vitapro had no sales, no prospects, no clients: everything was failing.**

In the spring of '94 Barry was on to his next fraudulent Small Business Loan fraud client, Edward Shum of Jumbo Bear, a sports card retailer in the Montreal area. Again, he had me write the 'business-plan' for this client, without even meeting him, using Barry's description of him, after paying me the usual $500 in cash[93]. **By then it was clearly evident that Barry and Faubert were spreading bad government-guaranteed loans all over Montreal on whoever they could get to buy one from them**[94]. This one I remember rather well since I tried to 'fit in closer' to what was going on by explaining to Barry in his 2nd floor large office, while he was sitting at its large desk that "I put headers and footers on the pages to disguise them a bit and make these look different", showing him the plan while I stood beside him: he tapped the plan and said "great idea". **It's amazing how a stupid mind can be tricked with a few**

[89] Both cheques to and from Gary US Bonds were FEDEXed and almost crossed in the courier – that's how closely they were flipped. And both invoices were so elementary in appearance that they'd stand out: junk, like the plans.

[90] In Barry's Texas instance he disguised the payments to Collins as consulting and for hiring Collins at TDCJ when really it was a way to get said $365,000 into Collins hands, with opportunity for Collins to make more, if he pushed the dog-food contract through. That $56,000 then was transferred through to Vitapro to cover operating expenses since to that time it had no sales AT ALL and had personnel expenses and utilities, etc. to maintain the Yank Barry/Vitapro surrounds.

[91] Thus generating fake tax deductions if the project ever came to bear – which it had no chance of, even with Bonds quacky vocals.

[92] As if I was supposed to be impressed with some burnt out crooner lacking in fame, **willing to take $44,000 out of the taxpayers pocket helping Yank Barry fund his criminal enterprise.**

[93] I never actually ever asked him for the money on this – he was forever just giving it to me and I would rather take it from him for the chance to fuck-up his game and make sure he got caught, rather than turn him down and maybe lose access to be able to do the damage. **Looking back, I would have done this for free: that's how much fun it produced for me "keep'm coming boss".**

[94] And I succeeded in collecting as much of Barry's handwriting on instruction sheets, asset lists to be included in the b-plans, etc.

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words – since the plan by and large was the same 10-14 pages, ½ page double-spaced like the others had been. Only, with a stupid footer and header on the pages. I immediately giggled to myself inside thinking *"You've got to be the blindest moron I'll ever meet in my life: you really are that much of an idiot to be flipped on such a short sentence that simply doesn't line up with reality."* And Claude Di Fazio was the last SBL client of the Barry/Faubert combo that I met in person: all those after Bernard May arranged for me to talk to over the telephone to "explain the process", and not reveal my identity, while Barry would supply me the list of assets and general idea for the enterprise to write the 'business-plan'. (In July-Aug'94 Barry explained to me that Faubert had made approx. $80,000 in cash from this process and that fit since from the sums I had seen and also had counted subsequently, he was realizing 15% of the value of the loan, up-front, in cash, to share with Faubert who would then bury the loan in his files.) Again, a deficient business-plan got a loan of approx. $180,000, and they were all around these amounts (as explained to me by Barry when he told me in the late summer of '94 when I inquired that I'd have to do one of at least $180,000 to 'make it pay'). **And every single one of them was accepted and a loan extended. And every single one of them as a federal guaranteed Small business Loan.**

Yank Barry's Vitapro was so sales-broke that he couldn't support his expenses, right from the start, without SBL proceed-flow back that took the form of 'loans' back from friends/family and other 'suppliers' like Rubin Fogel and Gary US Bonds that he was running very low on cash by Feb 26th, 1994 when he asked me to stage an insurance fraud for him[95]. He had called down to me in my office basement at 5 Redpath, Montreal, that AM to have me check the bank balances and when I explained that he had $6.4-$6.8 k in funds he came down to my office, wearing no shoes over his black socks[96] w/ black pants and white shirt w/ brown woven belt, the only time I saw him without shoes, to place his hand on my shoulder and tell me to go over to 1224 Mont Royal where we were in the process of moving out of, to stage an insurance theft. He was wearing black pants and a white shirt, standing with me at the SE corner of my desk[97]. He explained to me to go get the Fogel Sabourin promotional video master-tapes, the cash register for the store, and a vcr and bring them over to 5 Redpath and then go back and call in a theft to the MUC Police saying that when I had placed them in the store's back store kitchen counter and left the back-door open, someone had come in off the alley and stolen them. That's exactly what I did[98], with two younger female MUC Police officers arriving to examine the location. By then, said 'assets' I had hidden in the 5 Redpath Row basement central vacuum room, behind it. Barry asked where I had placed them and that was the last time I saw of them. And then the insurance claim started. He asked me to call Rubin Fogel to have him produce 2 invoices for around $100,000 in total which Fogel faxed over to Vitapro's offices to place with the insurance claim: **I do not know why the invoices that existed were simply not used since the expenditures had been incurred by Vitapro, as fake SBL flow-backs, before I had even arrived on the scene in April'93.** On the 2nd (or 3rd?) phone call to adjust the invoices I explained to Fogel that this was for an insurance scam that Barry

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[95] This is how concentrated this little man is: he first had his founding partner, Rubin Fogel, of Fogel Sabourin Productions produce a promotional video for him, for an very large amount of face value (~ $80 k?), with flow-back of the invoice value, coming back as a 'loan' from Fogel to Barry's companies ($71 k) (which included even using Yvette to model in the promotional video – with her distinctive left thumb) – and goes on to use that same inflated asset to get insurance fraud proceeds from. That's one 'exhausted asset' by the time he got finished with it: but, he did similar to the MasterSound master-tapes, that had no value, until he bought same from Gary US Bonds for $100 k to get $56 k back into his floundering, no-sales, Vitapro.

[96] Only time I ever saw him not wear shoes – I notice things like that

[97] He put his hand on my shoulder – we were standing up, the same as he had done when he explained that Andy Collins had extended the bribed contact the late morning months later when it was done, in my office.

[98] Ever so-mindful of the wrought-iron encased balcony on the E side street in case someone could watch

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was perpetrating and Fogel didn't seem to mind a bit, delivering the invoices by fax. I assembled the package of documents, invoices for the SBL flow-back promotional tapes, the cash register, and the VCR and sent them over to Vitapro's business insurer located on St. Sacrement in Old Montreal, for a total of slightly over $110,000 in claim.[99] There was a problem, the claim was started to investigated, however the insurer sent out two cheques for $10,000 each and another for $1.18 k subsequently, to satisfy the claim. In other words, the insurance company had only assigned an insurance value of that to these assets, regardless of what invoices Barry produced, in the face of the $110,000 that went in. There was no argument put forward to the insurance company by Barry: he accepted what he got. Unfortunately he had them make the cheque payable to Vitapro and Imageade jointly, as if Imageade[100],

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[99] This insurance fraud thankfully happened without any potential for human injury since in the summer of '93 Barry had initially asked me to do same by spilling oil on the stove in the kitchen of his 1224 Mont Royal outlet, with the master-tapes in the shelves above, to cause them to burn, but Yvette had persuaded him not to do it based on possible tenants who lived above: in other words, burn the building down to get his staged insurance proceeds.

By the time this insurance fraud occurred in Feb'94 Barry had also faked an insurance fraud on an airline's insurance company when he ostensibly lost his luggage his solution to which was to contact one of his favorite habber-dasher salesmen at Harry Rosen and another, high-end men's fashion outlets, to have some fabricated invoices produced to make the claim: **trace the payment through to your acc'g system habber-dasher – the invoices were faked and your employees were accomplices to insurance fraud. Yank Barry has high-value, insured, items ripped off, with fabricated invoices. He just loves insurance.**

[100] ImageAde was the design company that Barry had approached and had design and print up the brochures for Vitapro. As usual, Barry always attempted to argue down the price of them once they were done and I can remember "the squeeze" he tried to put on Wood when the invoice was presented for the work. **That's the way he would always operate: order the product, take possession of it after it is done, and then stiff the supplier by arguing over the bill.** This is exactly how he screwed a company called Alpha Video, a video reproduction company that Barry had make approx. 60 copies of PAL and regular promotional videos copied, for sales purposes. He was on his way out of town and we visited their offices on lower Papineau to place it and Barry hand-wrote out a Vitapro cheque for $298 for the order. When we left the offices he immediately asked me to call the bank and place a stop-payment on the cheque which I did. I rec'd the order a few days later, almost immediately before Alpha Video knew that the cheque was stopped. They called me and I told them to call back when Barry would be back in town. When he did arrive after 3-5 days, I told him and we then rec'd a call from Alpha Video and then Yank Barry put on a show that **Concordia University doesn't come close to preparing you for as a student.** Barry attempted to say that his brother Steven had found that the videos were poor quality and that he wouldn't be paying them. He carried the charade one step further and then, when I was sitting at his desk in the basement of 1224 Mount Royal, MOTIONED WITH HIS HAND IN THE AIR, to have the his brother Steven come over to talk to them on the speaker-phone. Unfortunately, Steven wasn't even there that day, so Barry introduced himself as "Steven" and started to explain: the AR person immediately said that "Steve" sounded just like Yank and Barry said back, "Ya, we get that all the time." "Steve" explained the problem and then Barry came back into the conversation and carried on. Alpha Video was never paid its $298, like Barry had ripped off his initial inventory from Ontario Foods. As I immediately thought, *you certainly can't get prepared for this at Concordia U.*: good thing I had spent a few years in the law library. And the promotional videos were "good enough" to send to numerous embassies of Canada as sales packages as well as used in sales kits after that. He was wearing black-pants with a black and white speckled shirt that time, standing behind his desk, as I sat on its W side, in the basement of 1224 MR. **But I can never forget watching him motioning with his arm for "Steve" to come over when Steven wasn't there. And no one could see us. A bozo-'businessman'!**

And that's also the way he screwed over his original opening inventory with Ontario Foods: get the asset into possession, and then screw-over the supplier by refusing to pay.

Same as what he did to his two opening dietician employees, Vicky and Julie, who both quit on him simultaneously in the summer of '93, - they had the brains to abandon-ship when I really wanted this guy and had to take the time - with him refusing to pay both of them their 4% vacation pay, prompting a complaint call from Norms de Travail (Que. Prov. Employment enforcement agency): **a measly $200 to cover that, but both had to fight him to get it.**

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his advertising agency, had anything to do with the situation[101]. When the 1st cheque came in he had me walk it over to Peter Wood, principal at Imageade and his advertising brochure contact, to sign-off on the cheque and bring it back to Barry however, upon arriving to find Peter innocently sitting at the front desk of the address he immediately noticed that it was an insurance cheque and refused to sign it[102]. I was instructed by Barry that if this were to happen, I was to simply bring the cheque back to the office, which I did. When I told him about Peter refusing to sign it he kept the cheque in his office for a few days, explaining that he would have an insurance adjuster process it. In a few days I was asked by Barry to bring it to an address at the top of Daniel Johnson Blvd. in Laval, basically at the top just before hitting the 440 Highway, to have said insurance adjuster process it, while not giving me any instructions on leaving the $10,000 cheque there. When I arrived, there was no one in the closed North hand side tower office on the south side of the complex, so rather than slide the cheque anywhere I simply brought it back to the office. Barry threw a fit screaming saying on the basement stairs of 5 Redpath Row that I was supposed to leave it there so why don't I simply forge Peter Wood's signature on it and deposit it.[103] So that's what I did, and deposited it. **A few weeks later the 2nd $10,000 cheque came in and I decided that I was not going to forge Wood's signature and instead asked Barry's brother, Neil Floyd ("Ghostdrummer") and for all intents and purposes given his employable skill, enforcer brother to forge it, which he did, in the NE basement office next to mine, in front of me.** And that cheque was also deposited. And a few weeks after that, the final cheque arrived, this time only under the name of Vitapro solely: to this day I still don't know what Barry was trying to accomplish having the payee be jointly with Imageade, but, when you fly by the seat of your pants floating your company on fake invoices and insurance fraud, God only knows the reason. **Maybe someone should ask Yank Barry. This is, in my opinion, the maximum culpable behaviour I experienced on my own accord in the Yank Barry world in all that time and the only reason I voluntarily did this was that there was no way in the world that I was going to say no since I was still on track sinking deficient business-plans into the Bank National loan files for every one of his dirty clients. And one of those guarantees was worth $180,000**, and they were growing in number, by then there were 4, (Donald Picard, Claude Di Fazio, Barry's GLA and Jumbo Bear). **So, keep up the trend until I had enough to lay down a perfect evidence trail[104]. Maintian the 'long game'.** I made the decision to have Barry's insurance company lose, which would have happened anyway, while maintaining my slight input into his SBL process, to his demise: 4 x $180 k in guarantees, and more to come undoubtedly as I thought then, verses a private insurance fraud that could be cleaned up on my testimony later presents an easy choice. **And more SBLs did come in after and were granted**. For my trouble Barry paid me $1,000. The week after the last insurance cheque

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Same as what he did with me and a latent GST billing when I left – stretching payment to try to give the appearance of being involved including having one of the 'loan' pay-back cheques payable in $2986 USD: must have needed USD that day – probably to give to Andy Collins/Charles Terrel/Jack Crimm.

[101] I suspect that he wanted to divert the funds there to keep it off his books as well as the fact that he needed to pay for his sales brochures since they were not SBL eligible: he had tried to add such as SBL eligible assets however had scratched it off on one of the instruction asset sheets he had provided me for a subsequent SBL client, now knowing better.

[102] Peter was sitting at the front desk facing N, dressed in a brown shirt, on that sunny day after I walked down St Mathieu St and along Rene Levesque to ImageAde's offices at 2222 thereof

[103] Forgery was a question of by whom in Yank Barry's world: he had already trained and had practice his wife Yvette on how to forge his signature, probably as a way to exonerate him from any signature he would attest to on a document that was questionable.

[104] The 'businesses' with their stupid business plans are the fish hooks being swallowed by a crooked banker who knew that the composer was receiving cash for them as well as having his life threatened: unless Denis Faubert can explain to anyone why he would take such deficient documentation for $180,000 loans. **Yank Barry, can you arrange an interview for your Faubert with Fox news?**

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came in he asked me to cut myself a cheque for $1,000 and I "forgot about it" when the weekly pay cheques were cut, telling him that I'd get it later. The next week, again he asked me to cut myself the same and I finally did it[105] (Don't turn down a criminal you're working when he wants to give you money: make him feel a comfortable as a cockroach in a rug), describing it as a "Bonus" on the cheque stub. **Perhaps Mr. Yank Barry would like to explain to Fox News why he'd pay a "bonus" to an accountant who had just, per him, lost his $110,000 in assets which the insurance company valued at only $21.6 k: that's a big loss, why the "bonus" Boss? The better question would be was it for having staged the insurance fraud as requested, or for, in the end, processing and then forging the payee's signature on one cheque to get the settlement into the corporate account**[106]. **Which it was.**

In the summer of '94 Bernard May, Yank Barry's front-man who was bringing in these crooked SBL clients, wanted to get his own SBL for a tea-shirt business (wholesaling tea-shirts, to actually Donald Picard's plastic Harley Davidson engine clients amongst others – no honour amongst thieves since May had asked me to keep a copy of Picard's customer list that I had had typed up for him back in '93) so Barry had him pay me the customary "$400-500"[107], this time $400, to compose the, usual, 10-14 pg. double-spaced, half page deficient business plan which Barry presented to Faubert whereby Faubert wrote out on basically every one of its pages, addressing to Yank Barry on its cover, what had to be done to the plan and ending it with a statement that May needed $36,000. What's funny is that I don't recall if an asset acquisitions list was ever presented with this business-plan so what was Faubert talking about needing $36,000? When May understood that that is what was needed, he dropped the idea. He didn't have the $36,000: and why was Faubert writing out the request of that amount on the plan[108]? **Just another client for Yank Barry/Denis Faubert's SBL process.**

Next cow in the chute, to get a 'fish-hook' impaled into it (carrying a deficient business plan into the loan files), in the summer was Distribution Universal DAX, another sports-card retailer like Jumbo Bear with a deficient business-plan of the same 10-14 half page double spaced pages and two Lotus spread sheet courier font financial BS and IS. Again, another Small Business Loan was extended. None were refused and they were all federal guaranteed loans**. I was never asked to give money back since my effort was not conditional on these clients getting loans: it was a done deal the minute it started, as orchestrated by Yank Barry/Denis Faubert having Bernard May look for clients to put through the corrupt process.**

All of these loans were Small Business Loan Act Guaranteed loans whereby they were designed to make illicit cash for the borrower who would pay Yank Barry, up-front, to pass on the loan application to Denis Faubert of the National Bank who would extend it after which "the borrower" would get and have lined up family/friends to supply fake invoices to give back cash to the borrower, with the loan not performing causing the bank's money to hardly ever be at stake though at the demise of the Canadian taxpayer on the guarantee. That was Yank Barry's "selling

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[105] Sept 9th, 1994.

[106] Funny thing is that I would have done it for free – stay on target, but if you're going to pay me, I'll put the blade right back into you.

[107] Barry made a point and exception this time in requesting that I get the $400 from May directly: **for all the others that went through he personally would pay me the $500 cash each.**

[108] It may be because the amount of the prospective loan would be for, the usual, $180 k and that the SBL guarantee covered 20% of it to bring it to $36,000. Needless to say, Denis Faubert was just processing these businesses as quickly, and as safely, as Barry could bring them to him: he was the inside rubber-stamp man who never turned own a loan application **all the time I was there.**

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proposition" to get the loan clients. <u>The borrower makes net illicit cash, the front-man makes illicit "finder's fee" cash, Barry makes massive illicit cash and Denis Faubert makes massive illicit cash. And, the loan is extended and goes down. (Also with a sea of fraudulent title documents supporting the loan's expenditures embedded in it.)</u>This is what exactly happened with Claude Di Fazio's Satellite Specialist and Yank Barry's GLA Music. You can read the attached Gazette articles in length to understand.

In April of '94 I tried to get closer to Barry's conspiracy to find out how much money he and Faubert had made from this by voluntarily selling another invoice to him when he, again, was running low on operating funds.[109] This time it was for $16.6 k described as "consulting services" and "software training" for Mary Faubert, Denis Faubert's wife who previously had worked for the National Bank as a teller and who Barry had hired, without experience, to be the company receptionist. She had no experience as a receptionist and didn't know how to use appointment software and I was constantly showing her how to use it. My "loan back" to Yank Barry's company(ies) on that was $14.4 k[110]. This time Yank Barry and I went over to Denis Faubert's St. Laurent Branch of the National Bank to process the cheque and Denis was jovial with a grin when Barry told him that "Lyndon wants to loan back the proceeds." Denis Faubert personally processed the flow-back cheques, actually writing on the flow-back cheque "Pas de frais", which means in French, no extra charges for processing the cheque back. The reason he did this was that I told Barry that I didn't have any cheques at my apartment to give him back to deposit so we had to use one of his companies own cheques carrying my signature and my account number to get the cheque processed: **a cheque is a cheque if it displays the appropriate account number and signature.** In this case Faubert was very willing to give personalized service to Barry. **<u>So Denis Faubert was very willing and accommodating to personally process a SBL expenditure proceed-flow back "as a loan" when even the cheque wasn't in order, waiving the actual proper extra fees on it.</u>**

In the summer of '94, thinking of what else I could evidence to prove this conspiracy, I thought of myself and what Barry would say of what he was paying me to compose these business plans. At that time I had started to visit the Charlevoix and the Gaspe regions in Quebec in rented Budget cars on the week-end to get the poison out of my head from what I was experiencing (have you seen Yank Barry lately: you have to see the inside of him on a day-to-day basis). I was thinking of buying a house there and had told people around the office as well as slightly connected people, so I thought a mortgage application would be in order so approached a loans officer at the Bank of Montreal on the corner of Guy/De Maisoneuve, a few short blocks from Vitapro's office on Redpath Row and brought the application to the office and kept it on my desk-top. I typed up a mortgage letter on Aug 20th, 1994 to have Barry sign it stating what he was paying me as an annual salary at that point of time (it had been growing as I was at approx.. $560-580/week – "$36,000") and I added as an extra paragraph that he had paid me a further $3200 as 'extra fees'. **The $3200 was designed to capture under-the-table cash payments as well as those directly related to criminal activity that he had and was about to perpetrate(d), in this**

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[109] I had also already loaned him $4,000 of my own money, cashing in some government Canada Savings Bonds. I wanted to "keep the pipe-line open" and get as close to it as possible so when an employee has enough faith in you to lend you his own funds, he's liking what you're doing. Until it's too late. He did repay me the loan. The insurance rip-off funds had not come in yet, even though the process had started to bilk them.

[110] This was a pure fraudulent transaction in that hardly any software training was provided by myself to Mary Faubert and absolutely no 'consulting services' were provided to any of Barry's surrounds: it was entered into only to give Barry back float money so that I could obtain further intelligence of the inside of his relationship with Denis Faubert (prior to him discussing it with me 6 months later).

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case the fees for composing the business-plans a well as the $1000 "bonus"[111]. At that time he had paid me for: Donald Picard, Claude Di Fazio, GLA Music, Jumbo Bear and I seem to think there was talk of a pending one which caused me to try and capture that as well as at Aug 20th. It also included the $1,000 which his wife, Yvette, told me he'd be paying me for staging the insurance fraud as we spoke on the back-stoop of 5 Redpath having a cigarette one sunny day. And the day was in fact, sunny: I stood, she was sitting down facing west[112]. Barry wanted to know why I didn't address the mortgage letter to the NatBank and get my mortgage through Denis Faubert. I told him I preferred the Bank of Montreal. Besides, I thought, your Denis Faubert and you are not going to be around too long after I prove to ct. that you've been paying me cash under the table to write business-plans for you children's criminal scheme. I held on to the letter[113]. And consider yourself capped, with your own signature on your own letterhead, on what you can say on what you paid for fees to have business plans written for you[114].

In the mid/late summer of '94 Barry further showed me a business plan, yellow cover, for a Fontaine Sante restaurant, that Sidney Lallouz was opening, asking me what I thought of it. It was while he had his office in the smaller room at the head of his 5 Redpath Row house. The business plan was professionally put together since it looked rather impressive, very much unlike mine, though I certainly didn't bring it up and he was too stupid and blind to ask. I didn't look into it too much, not even to know his expenditures, though knew of it. It was about that time that I also asked Barry, when he was in his small office on the 2nd floor, if I could get my own small one: I wanted to know the interior mechanics of this scheme and wanted to know how much Faubert was making from it in particular: I thought that if I could go through the process I'd find out. **Barry explained that in order to 'make any money at it' the loan amount would have to be at least $180,000, that's the only way I knew how much these loans were being settled for since I didn't see the results of what was granted on my side, only what was going in as requested. He also told me he was making 15% of their value in cash and that he was splitting it with Faubert who he said had "a nest-egg" of $80,000 on the side somewhere. That was in mid/late summer of '94 at about the same time that Lallouz had had his project started through by the Barry/Faubert combo. I declined, telling him I'd have to think about it.[115]**

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[111] It did not include the Cdn. Professional seed invoice of ~$1098 on the way in in the summer of '93 and it didn't include the recent SBL flow-back cheque that I had just processed since while he had paid such, **I did not keep the money** – it went back to him – **I wanted only the funds for which I had kept, which in this case was the SBL cash payments and the $1,000 bonus insurance rip-off payment.**

[112] Smoking her Benson and Hedges lights king-size. That's the brand I also had started smoking, dark brown and gold packaging. I was wearing my green that day, green pants w/ speckled green shirt. She was in her faded jeans and white running shoes and a white golf shirt. I had to weasel it out of her when she mentioned saying that I'd like to know my cash-flow for my credit-cards.

[113] It was given to the RCMP.

[114] And that's important since Barry attempted to say, as contained, in the newspaper article folllowing, that he had put a lot of work into Lallouz's business-plan, **also admitting he didn't know how to write one**, thus inferring that it was me who wrote it – thus the reason for the loaded question in late Aug'95, probably on audio on whether he had paid me by cheque. **Barry didn't do any work on Lallouz's business-plans – the one that I saw was already prepared by someone else**. Also, after I left the environment, in the summer of '95 Yank Barry was ostensibly having Bernard May, his front-man who brought the clients in, call me to audio-tape conversations confirming numerous past criminal aspects of Barry's world: one of which was the amount that I was paid for the business-plans. Ever had someone have you go over history, and stick out for it? **Sorry, boss, beat you by a year on that evidence of fact, but thanks for bringing it up.**

[115] I had also asked him a few weeks earlier if I could buy preferred shares in Vitapro, to assuage his ego and "stay friendly". Had no intent of ever investing in him, I just wanted to find out about every aspect of his criminal

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By late summer/early Fall '94 I thought I had enough to prove that these taxpayers had defrauded, systematically, the government so I made plans to leave. In the 1st week of October, on my weekly paycheque, I opted to start taking deductions at source on my earnings. I had been paid a non-withheld amount due to my perceived independent worker status (and I hadn't even charged him sales taxes on my billings), but I stopped since I did not want Barry knowing that I would be leaving the environment and also it would take a full 20 weeks of such before I would become eligible for employment insurance.[116] By November I was having enough and wanted desperately to get the heck out of there however I suspect that Barry knew I would be leaving when he had his brother, Neil Floyd, aka "Ghostdrummer", threaten my life by pointing a handgun at me in my office. During the summer of '94 Barry had placed his brother to do things in my office (Barry initially said to me a couple of times that he wanted me to keep my door closed and locked but I never did since everything was pretty open movement in the basement offices and I certainly didn't want to open the door every time I went somewhere). Floyd's job was basically nothing, just another family member on Vitapro's payroll doing nothing like his wife Yvette, generating false tax deductions. In approx. Sept'94 Floyd came into my office and stated, abruptly, "Do you know that in the New York garment industry when they want to kill someone they simply choke him with a coat-hanger?"[117] This statement came from out of the blue, we hadn't even started to talk that afternoon, early after lunch, when Floyd arrived[118]. Shortly after[119], Floyd asked me if I owned a gun and I told him, "Yup, a Walter PPK." To which he responded with "Ya, I own a Beretta". And that was the end of that conversation. Again, out of the blue. By Oct I wanted to know who these people were so I walked up the hill to the McGill Chancellor Day Hall Law Library, one of my old haunts, and started looking up for Barry/Falovitch to find out how this businessman said he was connected to the Montreal Mafia, making multiple references to Frank Catroni, and explaining 3-4 times over the period that he was owed 4 favours by the mob, showing 4 fingers on his hand. I found his Quebec Appeals Court appeal in one of the reporters whereby it explained that he had tried to appeal his extortion conviction because his wife/girl-friend said she winked at the judge (Barry trying to impeach the credibility of a judge to make a decision). His appeal was thrown out (it's in a beige covered reporter at McGill – look up Falovitch sometime). Sometime in November '94 Neil Floyd came into the office and before he even took his jacket off I felt something touch the back of my head and when I turned around Neil was standing pointing a revolver at me. It didn't seem to be a large .45 inch one, smaller than that, and it was about 1' long and he questioned "You didn't see anything here did you Lyndon?" I didn't do anything but said No and then he left the room and went upstairs or out of the building since I didn't see him again that day. I went out to smoke a few cigarettes on the back-stoop of 5 Redpath on this sunny day. I refer to Neil Floyd "Ghostdrummer", brother to Yank Barry, as Barry's enforcer. When Yank would

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loan-brokering process. That was shortly after he had obtained his bribed OCS contract but before he had obtained his bribed TDCJ contract.

[116] I had been receiving psychiatrist assistance since July'93 to handle Yank Barry's personality and those of his environment.

[117] Neil Floyd's uncle, Larry Resnick, owned and operated a company called Mitey Miss in Montreal's Chabanel district making printed tea-shirts etc. under licence from Disney Inc., etc. so I think Floyd had some idea of trade practice. Also, Floyd had been arrested for and convicted of shop-lifting when Vitapro had its 1224 Mount Royal address, in respect of a jewellery retailer **less than 3 blocks away**. Also, he forever favours carrying around a hand-taser with him as I witnessed at 1224 MR when we were in the basement and Ben Myers accidentally set off the store alarm, causing Barry and Floyd to race upstairs, with Floyd pulling his taser out of his jacket pocket. And, he has been convicted of assault before.

[118] From then on I learned how to use the screen border of my computer as a mirror to look at him since he was forever sitting behind me on my u-desk as I did my accounting work: it was about ½ inch wide, on all sides, and I could see all around the room that way.

[119] A few days, maybe a week

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say Jump, Neil would ask "How high?" Neil continued to work in my office after that and I would always have to correct his math on shipping (he would be later responsible for configuring the shipping dimensions of the pallets to be sent to TDCJ), as well as sometimes picking up individual pails of tvp at Schenker Warehouse (where Vitapro kept its inventory) to courier to its miniscule piece-meal-delivery Ontario Correctional Services prison contract. I had already begun to try and keep an eye on him, behind my back at my U-desk, since the comment about the coat-hanger, using the screen-border of Simply on my computer: it was approx. ½ inch and I used it like a mirror on the room. He was still employed by Vitapro, still around the family operation when I left as was there until at least the "$14.4 k" loan was written off with double-endorsed cheques that Yank Barry kept having me come back to get off his books.

In the late fall/early winter of '94 I carried on a start-up of my enterprise Canadian Professional Publishing by hiring an assistant to do optical scanning of documents at my residence. I was doing this when Barry ran into me in April'93 and I started it back up, actively, in approx. July/Aug'94: I was funding that and my expense load with earnings from Vitapro and these $400-500 business-plan fees that were being paid, though there was little SBL activity in the late summer.[120] [121] I wasn't involved with any of

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[120] To be noted is that Barry actually tried to charge one of the SBL's with a paper invoice for a client that was attended to by Lippman Leebosh of Montreal who had acquired the Phil Ritson Swing-Magic golf-training mechanism, former owned by YB Productions, Yank Barry's supposed active company which owned useless unmarketable, in my opinion, assets. "Swing Magic" was sold for, if I remember accurately, $92,000 and again was "SBL'd" as Yank Barry said since he looked at getting a SBL as a verb, consistently throughout the time I was with him. Phil Noel, of Montreal, had something to do with this transactions (buyer?) and when Barry had me type up a $12.6 k invoice for the loan-sale "Barbara" at Lippman refused it when Barry asked me to present it to her. **That was the only time Barry tried to charge for this loan-brokering on traceable paper, and I was the accountant who handled all his corporate and a lot of his side affairs, clearly. When it was refused, he told me not to put it on the books (AR etc.) and to forget about it.** He made his profit on the novelty device, and knowing him, he probably got cash back from Phil Noel since I did not see a front-man bring him forward for the process, so he had to be Yank Barry's friend personally. I didn't do the business-plan, only was supposed to book the sale on YB Productions books, which never went through, though I don't remember the money coming in to YB Productions, **I strongly suspect that this was another "Gary US Bonds"-like master-tape transaction: how to get cash-infusion value for a useless asset.**

[121] On a side-note about that Rubin Fogel founding partner of Barry's, **who helped him pad $110 k in fake costs for $2 k in value of "promotional videos", fabricated a few fake insurance invoices for Barry's insurance scam, and who then went on help rape Celine Dion's persona on the net by putting Barry in contact with her, he too got a Small Business Loan through Denis Faubert since on being asked about a list of borrowers by BankNat investigative staff Fogel Sabourin came up.** I didn't know that Fogel had, probably, bilked the system the same way that Barry had but (the borrower is legally exposed for only 20% of the loan value, max.), but, I tried and failed. In the late summer of '94 Fogel asked me if I knew any bookkeepers who needed a job: and I couldn't believe the opportunity. I had been socializing with a couple of women friends, one of who had just lost her job: **neither were bookkeepers**. So I explained that I would train her to do accounting and get her a job at none other than Fogel Sabourin to which she readily agreed and I trained her a full day at my apartment (hardly enough) and sent her on over. ***I knew there'd be instant problems and I was in constant contact with her explaining that if she ran into difficulties she could call me over: sort of "under the covers" to, well, you know, "help her out".*** She had no idea my game plan. **She was 'sent in' to, GET ME IN, so that I could simply slip in a 3.5" floppy and get Fogel's books too: "tread lightly on the rice paper grasshopper". *She was completely none the wiser on the whole thing.* BUT, she never called me over to Fogel's** as the screams of pain started to come back to me from him. At one point I simply told him I'd come over to clean it up but he said not to worry about it. **I hate it when simple things go wrong.** But, I strongly suspect that Fogel has more concerns than this little ***STAB TO THE HEART*** since, he's the one who got a, probably, $180-225 k loan through Faubert,, probably bilked the same way as what Yank Barry orchestrated on them all. Our dear li'Rubin, who padded up to $110,000 in start-up cost for so-called promo videos for Barry to give him cash to stay afloat went on to probably do the same, unless that same Rubin Fogel can explain to, **why let's make it FOX News**, how his company, **Fogel**

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the Sidney Lallouz's projects since he had already had someone else prepare his presentation documents, which I saw only once on Barry's desk and only one business plan for Fontaine Sante. My business consisted of packaging legal and CRA data into key-word software to allow accountants and lawyers to access it much more quickly and use the data better[122]. I had sold 2-3 said packages to Vitapro as pin-prick "on the way in" to get me under his skin but I hadn't carried any activity on and I wanted to get it up and running, like I had before I met Barry[123]. I did realize another SBL business-plan fee in respect of Claude Di Fazio who wanted to put another project together, this time called Fantasy Gardens which would consist of a sectional play arena for kids, whereby he'd expend, again, 100's of thousands of dollars on invoiced equipment but substitute for it a self-made creation (probably putting the kids at risk on possible collapse), on the same basis[124].

My last day at Vitapro was Dec 13th, a Tuesday and don't ask me why Tuesday except that's the date by which Barry's new accountant, Paul Shade CA[125] and I had decided that he didn't need any support from him to transition. Barry had already had the principal of his accounting firm, Vineberg, speak to me on the condition of the books which sat at approx. 8600 journal entries for Vitapro with a year-end of January 31st. Paul came in for a few days before that Dec 13th to talk a few hours but I was in control all the way up to Dec 13th, 1994. I had submitted a retroactive GST bill to Vitapro to bill it for the GST which I should have been charging all the way along, for $5.264 k, hoping to also use that to establish my database company but Barry said he couldn't pay it and that he'd have to have his uncle Larry Resnick advise him on it[126]. I realized it was just an excuse to keep me coming back to get paid: he wasn't about to let me go too far.

But those last days are critical too with respect to how I made the contentious wire-transfers on Barry's request from his off-shore account to Andy Collins, which a dirty banker vouched for obstructing justice with a fabricated apology letter which got Yank Barry off on his Texas proceedings as will be detailed.

Sabourin Productions, a long-established entertainment company, would need a SBL. Fraud content on a $180 k SBL in Barry's world was up to at least 80% on fake titles (GLA Music) so did **Rubin Fogel put $140 k gross cash in his jeans and have a laugh on the Cdn. taxpayer's dime?** Time will tell, as court will find, as cockroaches always come in hordes. I did offer to do Donald Picard's accounting way back: couldn't cover enough! As all ends go up against the middle….who's just slightly fumed that his 'asset' didn't perform this time.

[122] Note the assets sold to Vitapro 'on the way in'.

[123] The reason I chose to activate this and get it going was to get into a much better legal position with Barry: if I were to go to the police and leave simultaneously I would only be able to sue him for psychological damages. By having a running profitable company I would have that much more value in an actionable cause since he would have affected that as well.

[124] The header/footer on this one was "Some fun for the Kids" and "Some Relief for the Parents": picture The Simpsons "bus-driver" character running it. Thankfully no kids were endangered since the show got wrapped up before it came to be since Di Fazio was planning on putting his own together and I had a fear that it would collapse.
By the way, my InfoDemCo's by-line was "Electronic Tax and Legal Information – At Affordable Prices", thinking wait 'til I hit ya Boss I don't have to ask anyone for any money here: it's entirely affordable.

[125] Paul Shade CA was an accountant placed by Richter Usher Vineberg as Barry's external accountants: they thought the accounts needed to be cleaned up: really they hadn't since Barry had already vouched for me twice with letters to McGill Accountancy when I was failing courses there trying to keep up with him. My banks were reconciled up to approx. 1-2 months previous but I had been so busy with so many non-accounting tasks that I hadn't the time to simply perform such: the books were in good shape for what Barry had put through them: so were their source documents.

[126] Interesting how a CA could advise him, but the bill wasn't paid off until May'95, with hundreds of $1000's coming in in sales from TDCJ during that time.

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And then I went home, to hopefully not come back. **And, on December 20th, 1994, I called Canada Revenue Agency, Special Investigations: "Yes Your Honour, I called the cops." By then I had seeded down quite a few deficient business-plans[127] in the National Bank loan files. I had also, I call it, ricocheted off of Denis Faubert the dirty banker, who Barry explained had squirreled away $80 k as at Aug'94, 2 instruction sheets on how to make the business-plans look better[128] – not about the businesses themselves – <u>just the plans</u>. I had also generated obviously deficient appearing invoices for every SBL expenditure that I could get at, as asked to compose them by Yank Barry as his accountant (such included my 1st one in '93 on the way in, that for the April'94 $16.6 k attempt to elicit more info, the two for dried-up washed-out crooner Gary US Bonds, and one for his wife Yvette Findley, of Sarasota Florida, for "Yvette Findley Window Display Services"[129] when that too was "loaned back" to the company, to try to keep it going), swept aside a Chinese-wall that was attempted and, basically, focussed all connections back to Yank Barry/Denis Faubert, the source. But my life had been threatened and I was 'stuck in place' with a guy who had $370,000 in his corporate account by then[130], at least, but who was refusing to pay my $5.2 k GST billing, preferring to keep me coming back.** So I asked him if he could do my small project through his process for 3 reasons basically:

1. Deflect as much attention from myself while CRA/RCMP pursued their investigation so that no attention would be drawn to me as the snitch.
2. Try to get incriminating evidence against Pasquale Romanilli, who had replaced Denis Faubert as the St. Laurent BankNat branch mgr. who was also operating loosely with Barry (Faubert had been promoted to head-office and was ostensibly no longer involved in the SBL process so I didn't know if Romanilli was corrupt so why not find out[131])
3. Make money on the collapse of my company since I had a suspicion that I'd have to go into hiding on the popping of the case, due to Barry's ostensible mob connections, and if I could arrange protection at least for the voluntary testimony, **I could also have actionable cause for the loss of a going concern business,** which I thought I'd have a window of 1-2 years to grow to fruition.

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[127] They all were: Barry thought I'd be the last to act against him since he had both paid me exurbanite amounts for them and threatened my life a few times while bragging about his mob connections.

[128] Point-form paragraph instructions on what aspects of the business-plan had to be adjusted

[129] $1700 in the fall of '93 when Vitapro existed at 1224 Mont Royal. The 'window' work was not done, not that she could have added any value to a 8" space anyhow, **for a store that was about to be closed down and wasn't producing anything when Barry had his motive to go to institutional sales exclusively as detailed to me by both, jointly, in the summer of '93 previously**. Yvette Findley is a multi-talented person, who previously had a job, as she explained to me, as a mere receptionist for a Sarasota art gallery: she can cook vitapro (in the tsunamis, jungles, dump-sites, snow-storms, and, the hurricanes!) and **she can cook Vitapro flow-back invoices when her husband needs one to float his Vitapro expenses** (I typed up the forged invoice for that, on Barry' instructions, that as presented to Faubert for the SBL cheque). And a window designer to boot – who could ask for anything more. Except being able to forge Barry's signature through practicing all the time. **And who can forget her 'modeling' ability for low-pay in a high-priced Fogel Sabourin Productions promotional video that Barry had made.** And, 'an Executive Chef' (WHERE ARE THE CREDENTIALS?) too! A princess of all trades, who loves her hashish on Barry's king-sized bed. **It's spelled "B-O-N-N-I-E".**

[130] From sales to TDCJ which had just started

[131] CRA can request from the RCMP wire-tap if that is what is warranted: I had read about the technique in '88 when I was studying in their library while researching tax law. I also thought that I could audio-tape something incriminating if I got close to him. Such as how much money he had made off my loan. Pasqualle Romanilli did assist Barry in extorting the closing $14.4 k "loan" balances through a call initiated by Barry to him whereby he told me to explain to Romanilli that it was ok to accept double endorsed cheques payable to me but signed over to Barry.

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Yes, sue Yank Barry[132] for the very business he helped finance through brokering the loan application[133].
And that's what your own accountant really thought of you 'punching clown' client[134].

Barry agreed to broker my loan through his process for $2,000 and I agreed to pay it.[135] On December 20th I also called Yank Barry to try and get funds from him vis-à-vis the GST billing and when he said no I threatened to collect all the money that was on his companies books ($14.4 k) and he blew up screaming to me on when I was in my apartment kitchen that "I'm not going back to jail unless it's for murder and that's when I rip your throat out with my bare hands! So lock yourself in your apartment and don't come out!": that caused the room to go to tunnel vision and he hung-up on me. He called back in approx. 3-5 minutes and demand that I come by the office to meet "a little old man who will straighten out this situation" and I instantly thought some hit-man associate from the mob. My knees almost gave out on me when walking up through the Guy Metro-station that afternoon. He explained when I got there that "Frank couldn't come by" that day but took me downstairs to my former office to have Paul Shade have me sign two invoices for an additional two weeks of work as if I was still involved with the inside of the company, whereby he generously gave me two additional weeks' worth of billings as a cheque for $1.274 k. I don't remember if he refused to start paying off the GST billing at that time. I don't remember if I called CRA immediately before or after that incident. But I do remember it was on Dec 20th, 1994, 1 week after my last day, Dec 13th, to explain that there was the above scheme was going on but that my life had been threatened and I did not want to come in for an interview.

Years ago, while I was using CRA's 305 Rene Levesque Montreal Internal Library when it was open to the public, I had read their own Special Investigations Operations Manual[136]which revealed that CRA can request from the RCMP the interception of telephone communications in tax evasion cases and that's what I initially wanted to collect evidence if Barry ever wanted to threaten my life again, while also collecting tele. communications which I knew were coming in vis-à-vis Claude Di Fazio's 2nd project and another that started at the time I left.[137] **And collect same on mine with respect to who I thought**

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[132] The Guy who had put one of his own bullets through his own head on Claude Di Fazio's fraudulent SBL expenditure

[133] You're absolutely right World, why didn't I simply approach the police and ask for compensation for damages sustained worrying about taxpayer money (loan guarantees), but it would be a bit ironic to save the public money and then ask for the public money in so doing: **that would be like allowing a situation to fester just to take advantage of it when it brewed up.** Instead, sue the hell out of the criminal, Yank Barry, who actually caused the damage to you. While I could have sued him immediately for psychological damages, easily provable, a highly profitable business could be great if they get knocked down. I was aiming for $200 k suit against Yank Barry since I was selling my product at **10X+ direct costs w/ no fixed costs,** and there were 220,000+ CAs/CGAs/LLBs in Canada that I had started to access cheaply, with no high fixed overhead. Just another "I give you fire (to burn yourself with), you give me rock" stories, a usual, with Yank Barry and me. In my world, clearly, it can be psychologically violent for the criminal too.

[134] "Hit me boss: I'll blast rock salt into your slashes! Your head will fall off."

[135] I had already been searching out two bankers to finance the project, a Bank of Nova Scotia on Wellington west of Rielle in Verdun and Pierre Sauvage at the Bank of Montreal on the corner of Peel and De Maisoneuve so it wasn't as if I was out of options for a small $32 k provincially guaranteed loan application. I just wanted it on the NatBanks files when it would blow-up since I knew that there would be a time when I could not operate it so, "Yes Your Honour, stiff the dirty banker and bank who extended it". Again, 3 different objectives "3 birds: one stone", you can't lose, and mystify, mislead and surprise…in the x-y-z of calculus.

[136] When there were individual cubicles against the North hand windows. You too can walk into any of the CRA TSO and do the same with respect to any of their operations manuals – those are still open to the public.

[137] I also thought that if I could get closer to Pasquale Romanilli, with an audio-tape in my pocket, it could be fruitful.

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would be Pasqualle Romanilli who had just helped Barry start to extort back the $14.4 "loan balance. Just collect the wire-tap I basically was trying to have CRA/RCMP do, and don't say anything since **'I'm neck deep here, might as well drag them all out into view'**. I paid Barry one "pink bill", $1,000 partial payment and promised him additional when I'd have it, which I did pay, for a total of $2,000 in cash. This loan application, however, wasn't like rest, at least I thought it complicated now from what I saw of it from "the outside" while I was merely writing the plans. I had to have the plan/business studied and I didn't want to physically approach CRA until at least all of the 3 points were reasonably obtainable. I was talking to a banker in the interior of the Natbank who insisted I incorporate in order to obtain the loan, when the provincial loan program was also available for proprietorships, so this bank employee clearly was advising **against** allowing the provincial government to realize on the maximum asset pool on a potentially dysfunctional loan[138], so I couldn't get incorporation until March 8th, 1995[139]. That's the 2nd call I made to CRA SI[140], "flipping the line": **I was through**, carrying on I wouldn't be suspected by anyone since I had basically been assured of the loan on the incorporation, which was extended shortly**. But, not before Denis Faubert called me out of the blue one late afternoon/early evening: <u>as to how he ever got my home number I don't know</u> – probably through Barry and all he said was know what you are signing and be sure about it which I thought you have no idea what I think. <u>It's important since Denis Faubert had moved by then to the head office so he was clearly still involved with the Barry loan-brokering business as late as Feb-Mar'95</u>.[141]** While I was aiming to get under Pasqualle Romanilli's skin, I missed and instead got some intermediary that demanded that I incorporate, which is the last thing you want to do when you're starting a business since it cuts off start-up tax losses to the corporation that may occur within the 1st few periods, while I had earnings that they could have been carried back against in the previous year. ***The really hilarious part about this, if this wiretap is ever produced in court, it will reveal the payment to Yank Barry, and Yank Barry, <u>if you were willing to charge even your own accountant for a loan brokered through Denis Faubert, are you trying to tell the judge that you were not charging cash to all the other strangers[142]? That's on the wire-tap. Barry was about 8 full months LATE (Dec'94-Aug'95) so</u>***

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[138] Note the systematic bias in the bank to abuse the guaranteed-loan program, as researched by the Gazette in the 3rd following newspaper article.

[139] And anyone who gets As in professional Tax courses and who writes books on tax law will tell you that you never immediately incorporate an enterprise if you can use start-up losses to off-set previous income; exactly my case.

[140] I explained that the last SBL borrower who had gone through was Sidney Lallouz, giving Lallouz's office number I had read upside down on Barry's desk one day – I can read almost ½ as fast upside down as right-side up. I also explained that Yank Barry, with his SIN which I had from his personal tax assessment I had photocopied and brought home exactly for this, was the broker, and Denis Faubert at the National Bank was the inside man underwriting all the loans.

[141] So much for Yank Barry merely being a client like no one special like Faubert stated in the attached: since when does a branch mgr who bounced around Montreal, and who seeded down crooked loans all over the place, who went on to work in Head Office, call his loan-broker's accountant when he's setting up his business?

[142] **Especially when Lallouz has already said so, Claude Di Fazio has just got rolled in New Brunswick and his cash payments will be coming out, I observed Donald Picard's payment to you through Bernard May delivering it, and, well, the intercepted tele traffic on how I came to be. As the world asks "You're trying to tell us that you brokered all these loans for free? Really!? <u>Why did you pay Lyndon Maither $400-500, cash, to write the business-plans for them – you didn't need a tax receipt?"</u> And if you do, where did your off-shore cash stash come from, your fairy God-Mother? You're really about as obvious as a cock-roach on a white rug, basically. Forensic accounting does show everything and net worth assessments can be done to the penny you know.**

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don't we all have an awful lot of you, me, your clients, and everything about you, to listen to publicly.

And then it went right off the rails. Bernard May, who was Yank Barry's front-man bringing in the SBL clients wanted to collect evidence on me through audio-taping our telephone conversations and I don't think anyone has ever seen such a scrabble to get as much after I left from the calls from May. He initially asked about counterfeit $100 USD bills I had bought from him in '93 on his solicitation[143]. That purchase was told to Barry by May almost instantly when it happened and I think was put forth by May as a test of my character, to "fit in": 10 bills were never attempted to be tendered by me. But May wanted it on an audio. Next came his try to flip culpability with "We need to find another banker" as if "we" were just he and I when in reality it was Barry who was brokering the loans through Faubert **and the process was still running anyhow**[144]. He also wanted to know if I charged the $400-500 always for business-plans: that was funny since he was introducing back to wire-tape admissible fact that I had already collected, almost 1 year previous with the mortgage letter signed by Barry on Aug 20th, 1994. He also asked me how much I paid Barry for the loan and he also asked if I had bilked invoices on mine which was the MO. **In short, he tried to secure every item of criminality around Yank Barry, through telephone calls**[145], **that I was turning them in on anyway, which should now be all over RCMP wire-tap.** But, poor Bernard May[146], **undoubtedly put up to it by Yank Barry who was trying to keep me around by stretching payments, also asked me what I thought about Barry's Texas contract. I explained "He's probably making millions.": what does your audio tell you Barry, "right answer"? What else did you think I'd say? Did you want me to tell your client-sourcer front man that you had bribed Collins when you had just threatened my life multiple times and had told May to stay out of my office multiple times with that desired door-locked office? Law enforcement has way more wire-tap. All criminal things, to get the accountant involved with.** I bunch of little loony-tunes, "amateurs", trying to cover their asses by going over past fact trying to incriminate the bookkeeper **not knowing he had already called for wire-tape on exactly what he'd be testifying to**...not knowing it was too late. What a hoot!! ("Barry, that loan request of '$25,000' to you personally wouldn't have helped, except be a 'security deposit'!")

In the summer of 1993 Yank Barry decided he wanted to go institutional with his Vitapro, since he was having no success with it, enough to sustain his expense load, through his retail store. He had me out for a drink in the bar to the east of his 1224 Mount Royal dysfunctional store with Yvette and explained how he had been talking to his uncle, Larry Resnick, and that "the future of Vitapro is in bars". At first I thought "Who the hell is going to buy this stuff for a bar?" but he explained that he was going to sell it to prisons. He started to have David Abrams[147] approach the Federal and Provincial prison systems in

[143] In Canada, under the CC, it is legal to be in possession of counterfeit currency if you have lawful intent to do so: look it up. "Uttering" counterfeit is chargeable as an offense so you can be in possession of it if you're going to turn it into the police and, in my opinion, you can be on the receiving end of a sales proposition to buy it if you are doing so to have it eventually lead to its source.

[144] I suspect that by then, late May-June'95 Barry was wrapping up his crooked SBL loan selling process since he didn't need the funds, he had started to realize revenue from TDCJ, in massive amounts, and had used some of the cash previously realized from sales in his off-shore account. Simply put, he didn't need the funds anymore, but in the meantime, try as much to implicate the exiting component, me.

[145] Ever meet anyone who goes over every single principal past thing on a telephone call as if he doesn't remember? Funny when you're thinking about something else that is going on, behind your scene.

[146] **Bernard May later died from a heart failure: I'm not sure if my divulgence led to the shortening of his life, or the fact that he was the client source for a process that had as its aim the bilking of government funds in the amount in the area of $1,080,000. It's stressful getting caught with counterfeit and that behind you.**

[147] An independent, straight, salesman who was merely trying to earn a living selling Vitapro – poor guy – he didn't know that it was a lost cause. He tried so hard too, thinking that Yank Barry was in fact honest.

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Quebec and Ontario to make presentations and there were some sales. Abrams did convince the Cornwall Fed. Prison to buy a pallet, which cost $10,000[148]however they didn't buy again.[149]And Barry/Abrams were making sales pitches to the Quebec provincial prisons. Barry also had David Abrams drive all the way to North Bay, Ontario to make a presentation to Nancy Guppy[150] thereof who was responsible for buying for the OCS prison system[151]. **Small Quebec provincial orders were coming in 2-6 pails each, one-offs, but there was hardly any commercially-viable interest in the products, now in 15 kilo pails.** In the winter of '93, for a Xmas surprise, Yank Barry went out and bought approx. 4-6 $50-80 cheese/fruit/wine gift baskets to give to buyers in the Quebec provincial system: I processed the receipts. **He started small.** In the late summer of '93 he also contacted Azzie Taylor Morton[152], he described her as a former Treasurer of the US, to assist him in reaching contacts she had in US prison systems and she knew Charles Terrel of the Texas Department of Criminal Justice (TDCJ). And Charles Terrel knew Andy Collins, Chief Director for the organisation. Yank Barry loves his catchy descriptions: in his world Andy Collins "was the pen", the guy who decides to do anything with you or not, he's the guy that authorizes any payments on any transactions. **And right from the start, in the late fall of '93/early winter'93 [153], Barry started telling me how he was going to hire Andy Collins, "the pen", away from TDCJ, pay him on the profits from the supply contract, and use his connections to spread across to other state prison systems in the US since Collins knew a lot of people in the industry, if Collins would "sign the contract".** In the winter of '93 Barry visited TDCJ in Huntsville and I had to pick him up at PET Airport in Dorval on his return. He was commenting all the way back to his 5 Rose Street, Laval apartment that Rubin Fogel, who he had discussed the project about at PET Airport that nite was also very happy that TDCJ liked the product and using Barry's own words that nite "I'll just buy the pen Collins if there is any problems": **that was the first time I heard that Barry would be buying into his TDCJ contract – I heard the name Andy Collins that night distinctly – up until then he had explained that he'd be "buying the pen" and there were numerous names he was using as employed by TDCJ[154]–** he was wearing his brown that nite and was telling me that I'd be able to buy a

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[148] Plus GST bringing the bill to $10,700

[149] When a mix-up in their accounting resulted in them paying Vitapro twice, 2 cheques for $10,700 several weeks apart: I pointed it out to Barry and he simply said deposit it anyway: **so Vitapro Foods still owes the federal government $10,700, amongst an awful lot more.**

[150] Now on the internet as Chapman's Landing as a dietician in Ontario.

[151] During the summer of '94 Barry had been explaining to Pickholtz that Guppy **could take reward money for putting the OCS contract through if her supervisor gave her written permission: they had discussed it before Guppy awarded the OCS contract to Vitapro and before she went to Texas. I never saw any sort of written permission that Barry was speaking about prior to leaving in Dec'94, but, Guppy hadn't been paid until Apr'95 if the RCMP were accurate. They were discussing it as at approx. June-Aug'94 so they kept their deal secret until Barry had enough TDCJ sales funds in Vitapro to easily pay her (it's interesting that she was paid such a relatively large amount, but Barry kept me choked for starting funds for my business requiring me to come back to sign-off on cheques to get what was due to me on my GST billing) and I knew she would probably get something since otherwise Barry would not have had the conversation with Pickholtz 9 months previously: and that's why she went to Texas on a Vitapro promotion trip, expenses paid, while deferring payment of any sort for services until the TDCJ contract was obtained – she was going to get her piece out of it when it came in. Must have been a hellova sales effort to the TDCJ, for a measly $132 k contract, 1-4 pails at a time.**

[152] **I have no idea how someone like Yank Barry would know a former Treasurer of the US: bizarre world.**

[153] In the basement of 1224 Mount Royal at about the same time he hatched his idea of GLA Music

[154] I never knew their roles in TDCJ since he would refer to them by their names but not explain to me what they did around and around again before. **Upon leaving Vitapro I still didn't know what their respective titles and responsibilities were even though I had met some in a meeting at 5 Redpath Row. But Collins jumped out the most often and became an obsession for Barry starting in the winter of '93: he's the one 80% of the**

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new car – as we passed over the Lachappel Bridge[155] since earlier he had been scared with the fact that my passenger wiper blade wasn't working properly. In short, any contract that Barry would enter with TDCJ right from the start would generate enough profit to pay the bribe of the official who gave it to him and in this case, it was Andy Collins[156]. He also explained this to me in the summer of '94 when the contract was being finalized[157]. There was a test-order of $14 k in the summer of '94 whereby Abrams, Floyd, Barry and I attended the Shencker warehouse to load the red tractor-trailer with the amount of Vitapro: it's important to know that **this vitapro was the opening inventory that Barry had ripped off from Ontario Foods when he started his Vitapro with nothing in the spring of '93[158]**. Azzie Taylor

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time I'd hear Barry talking about. [There was Collins(80%), Kyle (5%), Terrel(15%): Madgen and Pierce I heard only once when meeting them.]

[155] On the bridge that night he actually told me that he'd be buying me a new car for me: he didn't feel comfortable in my Volks Fox with its broken passenger wiper that night asking me TWICE if "Can you see Lyndonhurst?" as I thought "Ya I can pretty well damn-well see." **I'm not a reckless driver – he's just a life-threatening scaredy-cat con-man.** I got him home safe-and-sound, he invited me to stay for supper w/ his Yvette and him and he sat pie-eyed telling about how much money Collins was going to give him. And then he made me play some stupid letter-cube board-game with him, which he was really good at and won almost all the time, as Yvette looked at me over his shoulder and gave me her facial expression and eyes as if "Ya Lyndon, this is what [rampant immaturity] I have to put up with". If I remember correctly, he had gone through New York, mentioned specifically, somewhere in his journey (on the way down/on the way back up) and had picked up a large-single-stone diamond ring for Yvette and gave it to her that night. I can remember her surprise in the kitchen: where he got it, New York maybe, or some pawn shop in Texas: just somewhere to definitely spend some of his illicit cash. **Unless he's got a receipt for it or can point out the vendor who would keep such for such a high-value item – it didn't show up on any of his credit card statements, nor on Vitapro's or YB Productions books as a cheque and I somehow don't think that any reasonable, even completely ignorant individual would take a personal cheque from of all people Yank Barry for a "$20,000 stone" as he described it to me (I seem to remember him saying it cost $20 k to me that night on the way to Laval, *if it was real*, at least). Anyone got a picture of that rock on her hand? Since it certainly didn't come out of a Cracker-Jack box! (Maybe the only reason that Barry hasn't tossed it in for a fraudulent insurance rip-off in its history is because he can't supply a genuine invoice for it: and when you have illicit cash to hide why not put it on your half-aged wife's hand.** His 5 Rose Ave. apartment was costing him only $1500/mth if I remember having seen the cheques go through monthly **on YB Productions books**.) **I picked him up only once at the airport and this can only be the instance that this occurred**: as I went home that night I thought, someone's going to get an Yvette blow-job that night. **On all of Barry's other trips out of the country Yvette was the one who would go pick him up at the airport on his return.**

[156] About the same time as this contract, in Sept'94, Charles Terrel had agreed to be a sales rep for Vitapro in Texas in, per Barry, approaching schools in the southern part of the state. While no sales ever resulted, and no inquiries were ever coming in, Charles Terrel asked for a received **a nice rounded even $3,200 USD cheque from Vitapro Foods**. When I repeatedly asked Barry for Terrel's expense reports to support this large rounded amount that Barry had me describe as salesman's expenses I never received any. I came to presume that this was an equal bribe payment, probably a test to see if Barry would in fact pay Collins, since again, no sales resulted, no reporting occurred and while I did ship a sample pail with some of Vitapro's sales brochures to Terrel the large ROUNDED $3,200 remained completely suspect. **Barry's MO is always to disguise the true nature of his transaction, through his SBL history, and through his Collins connection so perhaps Charles Terrel can explain to FOX News, with independent proof, what he did to earn his unvouchered 'salesman's expenses"? Any telephone records…. gas receipts…? Was it declared on your '94 tax return?**

[157] **He would make redundant statements over the weeks that Collins would open up the US for Vitapro and that we'd be selling into multiple prison systems with Collins. He stated that if he had to do the same as what he was doing with Collins, pushing through the contract and hiring "the pen" that's exactly what he'd do since it would lead to massive sales.**

[158] He told me after "I was in", in the late spring of '93, that he had found a couple of 1 kilo bags with pin-holes in the packaging so he and his brother Steven Falovitch had opened and gone through all the $92,000 worth of inventory, approx. 40,000 bags at a cost of $2.2/bag, to find others enough to fill one-two cases and threatened to

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Morton continued to get advances for commissions on the to-be-done contract well before the date when the payments to her started in the late spring of '94, $1,000-2,000 USD at a time couriered to her "Universal" rep. company in Philadelphia, Pennsylvania via FedEx. In the spring of '94, at 5 Redpath, Nancy Guppy had arranged to have approx. 30 OCS institutional supervisors visit for a night of gala to make the sales pitch on the virtues of Vitapro. After that night of small amounts of beer/alcohol and Yank Barry's famous cigar hand-outs Nancy Guppy, "the pen" there for OCS had convinced enough to have OCS extend a $132,000 contract to Vitapro to supply her institutions 1-4 pails at a time the tvp. **That contract had a gross profit in it of approx. $26,000 (20% profit which is what the gross profit % was in '94) and was a real pain in the ass since it took so much effort to accommodate[159]. But Barry had bigger plans for Nancy Guppy as I would later find. In the summer of '94 he decided to send Guppy to Texas to chat-up all the Texas administrators on how good the product is (I don't know if she revealed to them that OCS had awarded a measly $132 k contract to Vitapro) and per what Barry explained to me, she was to help support the appearance that Andy Collins was making a sound buying choice in buying Vitapro, in the face of any possible criticism from any of his colleagues[160] [161]. He told me this shortly before she made the trip when he was working from his larger office at 5 Redpath after he had been telling me while previously working in his smaller office earlier in the summer multiple times that he'd be putting Collins the pen on the payroll if he'd sign the contract. Her expenses were paid by Vitapro for this trip (hotel/air/dinner/etc.) and more importantly, no further Vitapro payments were made to her in respect of the approx. 4-7 days that she was there that I knew of up to leaving on Dec 13th'94.** And, he didn't pay her in cash since he paid her by cheque after that. In other words she did it for free. **But. He had agreed to pay her.** Perhaps Miss Guppy can explain to the "Yank Barry's" FOX News why she'd make a trip to Texas and spend a week there talking to TDCJ officials 'smoothing out the way' to which Barry told me that by the time she got finished 'they all knew her well[162]' so clearly Guppy had talked to everyone about her

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sue Ontario Foods on all of them as defective after showing their rep. that one box. And I know that to be fact since in the latter part of '93 when we converted most of the 1 kilo bagged inventory into 15 kilo pails, almost all the boxes thereof had been retaped as we opened them I noticed – we did that over 5-7 days as an ongoing project. **That was all the activity in front of me in the late spring/early summer of '93. This inventory was thus, 18 months old, at least (from Feb'93) and had been repackaged by hand into 15 kilo pails by Findley, Barry and myself in the basement of 1224 Mount Royal. Even still, it passed with flying colours, when Barry was afraid to even give it to charities in the Mtl. area in case it poisoned people as stated to me.**

[159] Running to Shenker Warehouse, a 15-20 min. drive one way for 1-3 pails at a time**. Not to mention the UPS cost to have the 15 kilo pails delivered to the Ontario institutions.**

[160] This is the same Nancy Guppy, of Chapmans Landing, who still likes Yank Barry's posts on his Facebook: why wouldn't she, she made $26 k on 4 days work giving Collins an alibi on her measly contract, since since when does the TDCJ even consider a puny $132 k contract in agreeing to a $16.8 M one?

[161] The reason that Barry did this, **as he explained to me**, was that everyone who Vitapro had been approaching to buy the product had explained that it caused too much flatulence to be a usable product for institutional use: it could not be served as a primary food, but merely an extender in very small amounts since it would upset the consumer's digestion. That's why David Abrams hadn't been able to get any traction with the product with food service companies like Versabec etc. since everyone knew that tvp causes intestinal gas. But Vitapro couldn't survive on fraudulent SBLA "loan" flow-back forever and that's why Barry **needed Guppy and agreed to bribe her the $26,000 she got – to get his foot in the door of prison sales, the same as he got his foot in the door of 'stardome' 'Champions' with Celine Dion. And that's why he used her to give Collins an alibi, multiple uses. And that's why prior to the OCS contract he was discussing with Pikholtz the Ontario regulations with respect to financially rewarding a OCS government employee (the need for their supervisor's consent).**

[162] When Barry explained that to me and David Pickholtz (he was primarily talking to Pickholtz) I instantly thought she was some sort of *'rock-star' prison employee* – funny, I didn't see that in her at the time. Instead all I saw was some little girl willing to go to Texas after giggling at Barry's jokes, all expenses paid by Vitapro but without extra

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contract, **maybe not telling them it as only for a puny $132 k**, but, put on a hellova show to support Collins. Why would she do this **without a fee**, in the summer of '94, before the TDCJ contract was awarded? Subsequently Corp. Gilles Lacroix of the Westmount RCMP asked me I knew of any payment of $26,000 to Nancy Guppy that was **made in April'95**, well after me not being there, but if such occurred, Nancy Guppy certainly earned her stripes since **a contract of $16.8 M[163] with** Texas was eventually 'smoothed' into being. **I'd like to point out that if such a payment was made, Yank Barry gave away the entire profit margin on the $132 k OCS contract, to the person who arranged to have it signed and agreed to: just like he had told me he was going to do similarly with Andy**

payment for her services, and Barry had already agreed to give Collins a job if he'd extend the contract earlier in the summer, make comments about me standing out around Vitapro, on the stairs one day, and hoping to "try Yank's veggie dog" as she laughed about one time in his office. She was wearing a dark brown pant-suit that day.

[163] **That was the value of the initial contract – before it was enlarged to the stated publicly-known $32 M a few months subsequently.**

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Collins throughout the summer of '94: paying him out of the profit in the contract.[164] [165]
Throughout the summer of '94 Barry was constantly talking about how Andy Collins would be working for Vitapro shortly and that he had all sorts of contacts which would open even more doors throughout the US.[166]**Barry told me on 2 separate occasions that he'd be "putting Collins on the payroll if he signs on the dotted line" after pushing the contract through**[167]**.** Until Yvette Findley-Barry starting typing up the contract one day in the basement I didn't know its size: then when I saw the amount, $16.8

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[164] Have you seen how he 'rolled the snow-ball up' on Celine Dion with his video-capture of her, on his Facebook? That started with her con by having Muhammad Ali arrive, as arranged by Yank Barry, using Rubin Fogel – **the padded promotional video partner** arrange the visit to Dion personally, and with Dion, he "rolled up" more. **Ali was the key to get Dion who inadvertently rolled all the rest. Ali stayed involved, probably for money, and to this day Dion can't get her publicized misdirected and conned endorsement stopped on Barry's Facebook.** As no one really saw the inside of Yank Barry and just 'listened to his sizzle'. **In this case, Barry needed Guppy to extend any size of, what would be, a commercially unviable contract for OCS, of $132,000 (calculate the net profit to Vitapro after UPS shipping in particular from Montreal to Ontario of 15 kilo pails at 1-3 at a time, and product cost – margin is 20-22% - <u>it's a loss contract</u>: you lose money with this one), just so that she could 'sell' the product to TDCJ and smooth out the way for Collins so that he wouldn't stand out buying Vitapro when really Barry was paying him $365,000/year for the contract.** (Barry likes to try and layer his appearances: thus the reason for having me fax the bribe wire-transfers to Romanilli at the NatBank when he should have known that the bank could not on-send the wire-transfer request to slush-fund administrator – **they never faxed anything else for Barry** – it was the fall back "mistake" that he was accessing in putting it in there**. Always have a come-back excuse. Same criminal who gets his dirty banker to tender fabricated apology letters for court for transfers he initiates through me.)** And that is why Nancy Guppy took a $26,000 cheque from Yank Barry, as a provincial correctional employee when the money started to roll in: very large amount for a few days, **all expenses already paid, probably more than half her annual salary at that time**. I do know that Guppy and Barry were, as the phrase goes, 'as thick as thieves' before the contracts were finalized with her stating to me that "[I] really stand out around here", once. Maybe, for what they were up to. Same Yank Barry who reuses written off assets with co-conspiring help from Gary US Bonds to get much-needed funds back into his pocket. Also, right from the start in '93, Barry was also padding his sales on his sales literature by adding clients and charities as clients, when he didn't have them, as what was sent out to Cdn. embassies to solicit foreign sales: he plays the game of list it and see if someone looks it up. **<u>He trades on personalities, rolling them up, one after another, though none that you see as his 'Champions' on his Global Village site probably have any idea of his real inside/what he's really about or his past including what happened here.</u> The 'padding' is the activity (with a co-conspiring party and that asset as was the norm in his SBL activity; or personality or contract in OCS/TDCJ's case, and even in the early days when he was padding his purported charity clients on his sales lit.): in this case Guppy took probably more than ½ her annual OCS salary to spend 4-5 days in Texas giving Collins an apparent <u>'alibi'</u> to enter the contract. She took the payment in <u>Apr'95</u> while she visited Texas in <u>Aug'94</u>: hell of a promise, though fulfilled. And, she did cash the cheque per my questioning by the RCMP.**

Unless, of course, Yank Barry can explain *some other reason* why he'd send a puny $132 k contract, payment promised and very latently supplied, provincial employee to TDCJ that resulted in a $16.8 M contract when he's already got Collins on the payroll as agreed… FOX News Barry? How about you Nancy Guppy: do "[I] stand out" now?

To-date, after acquittal on fabricated evidence, BOTH Guppy and Collins continue to comment with their 'likes' to Barry's Facebook postings, <u>decades later</u>. (Something can be said about dirty jokes that some can't stop talking about. "Yank Barry": a, DIRTY, JOKE.)

[165] And bribing further based on the contracts they'd enter into in the US State prison system.

[166] That's why I chose to feed him back his environment on his own pending success with my question as to whether I could buy preferred shares in Vitapro as I thought, and he'd think, "You're about to make money, and I want some of it." in the mid-late summer of '94.

[167] I actually asked him if I could buy preferred shares in Vitapro at that time to be greedy like him about the money that would be coming in, though had no intent of doing so.

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M, I instantly realized that he could easily pay off Collins for pushing through the contract. The profit content in that $16.8 M contract would be $3.36 M which made the payment of $365,000 in yearly salary to Andy Collins a joke: much more rewarding than giving Nancy Guppy all the profit back on the OCS as it turned out, she served her purpose, plus Vitapro would **harvest Andy Collins' US state prison contacts to sell even more**, as what was going on when I left[168].

On Vitapro's web-site there's a rip-sheet from Correctional FoodServices aggrandizing the purported virtues of Vitapro. **Andy Collins told Yank Barry of that trade mag.** In the summer of '94 Barry was preparing to place an ad in that magazine about Vitapro and revealing that Andy Collins was the "Independent Representative" for the company to contact in the ad. Neil Floyd worked on the ad, not me, but he worked in my office right behind me.[169]**As the proofs were generated by Correctional FoodService they were faxed to Collins by Barry who threw a fit and told Barry to remove reference to him since revealing his name would bring out the conflict of interest to being public and would scuttle their bribe-away-on-contract conspiracy.** That's why the proofs at FoodService are adjusted like that, to keep Collins name down until he jumped, when the ad that did come out didn't reveal him. Yvette Findley typed up multiple copies of the bid contract with prices of $3.26/$2.86 per unit of chicken and beef flavoured vitapro and while I did not see the specifics of the 10-15 pg. document I did notice that when she asked me to help her use the corrective fluid on her mistakes, as Barry was inspecting it 2 floors up at 5 Redpath. He was continually talking with Andy Collins and faxing it to him to verify corrections as Collins advised him to make corrections to make sure and get it passed and acceptable: it had to be just right thus the need for multiple adjustments. At the end of the process I put all the series of corrected copies in my filing cabinet in my office and Barry asked me to courier the signed copy, via FedEx, **to the San Antoine TDCJ office, not to Huntsville he specified[170]**, and he asked me on the top of the basement stairs saying that he didn't want Mary Faubert to possibly mess up the couriering.

To be pointed out as the background to where Yank Barry with his fraudulent Vitapro stood financially when all this started is: *nowhere*. He

- **could not get any sales traction** through the Cdn. federal penal system, the Que. Prov. penal system[171] **wasn't giving him meaningful sales to even pay his utilities for the month, let alone his payroll**, (his tvp causes considerable flatulence – a severe draw-back to getting sales from it),

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[168] You'll find the comment Barry made to Pickholtz that "Jack Crom needs thirty thousand for Georgia and Florida.": given that Barry was well on his way to bribing his way into Texas, and would go on to pay Charles Terrel $3,200 as a flat amount, disguised as an unvouchered 'salesman expense', wouldn't we all like to know who **Jack Crimm** of TDCJ knew in Georgia and Florida. Who did you call Crimm: where was the concentration of your telephone calls in relation to the calls from Yank Barry? After all, it was **YOUR name** that was **disguised** by **Barry about "needing 30,000" "for Georgia and Florida"** and it was your colleagues who received disguised payments from Vitapro and Barry's off-shore slush-fund/corporate account. The price for states had gone down since the first payment to Collins was $20,000 that I processed (and the $3,200 to Terrel), with the $365 k 'job', so with Collins and his connections, bribing into states became cheaper.

[169] The ad came out, with 1-2 spelling mistakes, whereby Barry blew a gasket but couldn't do much when it was Neil Floyd who was the source of the errors. Sometimes, from what I've seen, I still think that some in Barry's "entourage" cannot spell properly. Including Yank.

[170] This is interesting since where was Collins posted when he instructed Barry to do this: why would he 'be all over a public contract' before it got to San Antoine? The fax traffic and Fedex will prove this.

[171] **AND Vitapro didn't have ANY institutional sales to food service companies through his salesman and it wasn't the salesman's fault since he was constantly talking about how he was hitting the "the stuff causes flatulence: we don't want it" stone-wall.**
A product that no one wanted, floated entirely on criminal activity, with a sociopath at the helm.

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- he was living hand-to-mouth through fraudulent title SBL proceed-flow-back as "loans" **but those too were running out since he only had so many assets to shift around giving them fake values** as was the case with his Gary US Bond tapes spun with the help of Bonds[172]
- and he had only got $21 k on an attempted $110 k insurance rip-off

so

- **he had no alternative but to ensure that he got the door-opening contract, <u>though highly unprofitable</u>, with OCS through a bribed Nancy Guppy just so**
- **that he could use her to support Andy Collins, who had equally agreed to sell out Texas but needed some appearances created.**

<u>He had only so much cash, only so many assets (physical assets or personalities) to use to 'trade-up' to get more cash and it was just that simple</u>: he was resourceless and simply spun what he did and that's why "$365,000/year", <u>paid out of profits of that contract</u>, was a great agreed price for Andy Collins to award it to him.

<u>He DESPARATELY needed it to survive since otherwise he was going nowhere.</u> His expenses would have caught up with him **<u>within 6 months</u>** and he would have gone out of business or needed a large amount of capital injection[173].

That's the financial parameters that he was facing when he had to bribe Guppy and Collins: <u>*he'd be sinking soon without them*[174]</u>. A little macher trying to make something of himself, by corrupting everyone else around him[175].

The day that Andy Collins carried through was sunny in Montreal since Barry came down to my office, placed his hand on my right shoulder when I was wearing green pants and a green specked shirt working on a FedEx billing facing west at my desk, and told me that "we have just won the contract". He was extremely happy and explained he was going golfing, he didn't mention with who, and that his uncle Larry Resnick, now of Florida, would be calling from an airplane and that I was to inform him that we had won the contact. **Barry used the word "win", and I thought it funny at that time in that I understood that the contract was bought so there was no "winning" out of a group of contestants, but Barry loves his "loose" words[176].** Larry Resnick did call approx. 1-2 hours later and I conveyed the info. I have no idea why Barry had him call me since Barry had a cell phone – maybe he wanted his accountant to say to his uncle on an audio that "we won the contract" since that was his MO in trying to collect info on audio after I disengaged[177]. Shipments started immediately with Barry placing production

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[172] And the sale of "Swing-Magic", Phil Ritson's golf-instruction product that YB Productions would eventually sell to a SBL-financed buyer, I seem to remember a $91 k value there – on books or for proceeds I don't remember – involving Phil Noel – who he is I have no idea.

[173] And the source of that would have been improbable, for a by-then unproven and failed product, **<u>otherwise he wouldn't have ripped off the SBL program like he had all along.</u>**

[174] **Same guy who ripped off his <u>very first</u> opening inventory and covered all his expenses with proceeds of crime to "put himself into business".**

[175] Except 3 in the office who were generally clueless: his private institutional salesman tried as he did try to do sincere work, his qualified in-house chef, and his receptionist though the latter was the banker's wife who didn't know that The Banker, Denis Faubert, was cheating on her both romantically and fraudulently when he got her the job with Barry.

[176] In one of his most recent examples is his statement to FOX news whereby he stated that Global Village is 'supporting' Bulgaria's largest refugee camps: Note the word 'support'. Really, he has a service contract with the government to sell them Vitapro for their camps so really, **he's merely selling his food product to a government. But, describing it as 'support' as a philanthropic bend.** And, given that he bribed his way into the TDCJ you have to ask yourself if he bribed this contract as well.

[177][177] Larry Resnick, Yank Barry and I had had a meeting at Mitey Miss in Montreal that spring about the pricing going into the contract whereby Resnick wanted to know and found out through my previous research on the request of Yank Barry what the prices were for minced chicken and minced beef. That was the way the offering

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prices were made in the contract, which were never changed throughout its evolution, since this is what Barry knew Texas would probably be paying for its same and it allowed him to maximize his profit, as awarded to him by Collins.

Equally, Collins had TDCJ start buying pails/lids for its on-sale of packaged Vitapro from Vitapro, instead of simply buying them from a local source, so like Denis Faubert of the NatBank co-conspiring with Barry to open the doors to Barry to the federal guarantees under the SBL Program, Collins opened the doors to the Texas State Treasury to purchase Vitapro pails, <u>on the other side of the continent</u>, when something local could have probably been much more economically sourced. 2-3 trailer loads of pails/lids had been delivered to TDCJ by Vitapro by Dec 13th, the time I left. Once you 'have an inside guy', "the pen", you can do anything…

What Andy Collins "Are you 'hot' for Canadian plastic pails too, like you said you were for Vitapro tvp?" because I've never heard an American public official say that Canada has really strong, <u>preferable</u> plastic pails. What, they last longer? (Some Cdn. accountant's memories last longer, don't they?)You can't find pails in all the southern US but buy them from Vitapro, who will be paying you an annual salary of $365,000/year, on the other side of the continent?

C'mon Andy, what about labels for those pails? 20 years later, out of the blue, I still seem to remember a $1650-1850-2250 line charge for labels on my invoices, and I was the one preparing them, for you. What, don't have printers in the whole State of Texas? Were they ***special*** labels like the ***special*** pails? Vitapro ***special***?

Remember, you were, supposedly, trying to save money for TDCJ. But instead as an 'experienced prison administrator' you started paying it all to Vitapro, so that Yank Barry could make the profit, rather than saving same for the State of Texas.

<u>A promised salary of $365,000 will do that to a man: make him criminally silly and a glutton.</u>

So, Mr. Andy Collins, when you were dealing with the above **crooked-to-the-core criminal** Yank Barry who I knew **intimately** as his own accountant (and I hardly ever missed a day of work), you were:

1. Willing to personally have **complete control** of the verbiage that went into the initial $16.8 M contract as the back and forth fax traffic from Vitapro's offices reveals (and I'm the one who walked it up and down its stairs watching the process happen – Yvette typing it out and Barry in constant communication with you)
2. Giving Barry insight into **exactly** what he should price his product at in that contract
3. **Agreeing to be an independent sales rep of Vitapro as Foodservices Magazine advertising department should show, while still employed by TDCJ,** until you protested, as I watched, and had Barry remove it since it would cause considerable complication to your plans, like your friend Charles Terrel would become a salesman as well.
4. Agreeing to an exurbanite salary of $365,000/year, working for Vitapro, opening up other states for it, **when your salary was otherwise substantially less than that at TDCJ, for "signing on the dotted line" as "the pen" as Barry described to me that that's what the deal was** (when he was formerly working from his smaller office on his 2nd floor in the early summer, latest, and as far back as the winter of '93)
5. Agreeing to receive Nancy Guppy, of Ontario Correctional Services, now of Capmans Landing in North Bay Ontario, **who Barry had already discussed paying her for giving him his OCS puny contract**, selling the virtues of tvp to assuage your staff that it would be great for you, **and give you an alibi to buy it, when it wasn't even good enough for her to award more than a $132 k contract, while yours was for $16.8 M, after the conspiracy had been settled,** (when Barry was working from his larger 2nd story office subsequently in the late summer), **but oh for 'appearances'**
6. Had TDCJ buy **not just tvp, but also even the pails and labels, from the other side of the continent, from Vitapro, so that Vitapro's Yank Barry could make the profit, when they could have been sourced locally if you were truly desirous of reducing costs at TDCJ** – your purported motive as said at trial
7. Put Barry in contact with Jack Crim who "needed 30,000 for Georgia/Florida" as Barry **disguised** his name in front of me
8. Supplied Vitapro **3 Certified Technologies** invoices that Barry supplied to me, **just when I was leaving**, so that Barry could instruct me, **who had been dragged in as an attempted cut-out between Barry's SBL clients and himself**, to make wire-transfers to your Certified Technologies, **having already forged my signature on the offshore slush-fund account so that mine would be accepted**, while also trying

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orders with ED Foods Inc., his mixer-supplier[178], and Neil Floyd measuring the deliverable pallets and arranging transport with pick-up at ED Foods. Barry did not get bank financing for this from what I saw, and I was the accountant, he simply had ED Foods extend accounts receivable like he had with an order he put in for slightly over $16 k after Jul'94 since he told me when he did it that he didn't want to send

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to drag his corrupt NatBank colleagues into it through instructed transfer there knowing he could count on one corrupt banker to issue an apology letter for any possible trial

9. Very content to listen to me tell you, with Yank Barry in attendance in my office, that I had issued **the two payments** to you from Vitapro's accounts for your invoices from specified Certified Technologies – **such a short telephone call that day they were sent** – which you said you didn't know of at trial while I saw your invoices for $10 k, $10 k and $20 k and was looking at them when I called you, and **why would I call you for that short call to tell you about only one wire-transfer when I did both – like you lied at trial.**

And also, unfortunate for you, your co-conspirator Yank Barry clearly had his other front-man Bernard May desperately collect taped telephone 'interviews' of me, after I left, on **every criminal aspect** that had been going on in Barry's world**, including your contract**, as Barry desperately dragged out paying me sums due, over months after leaving, as my start-up financially choked, trying to keep me 'in-place' as your dirty little contract came into fruition. No one knowing that I had effectively requested RCMP wire-tape.

And that's what I call a conspiracy to pay through a bribe, being a huge-salaried job, using proceeds of crime in both corporate and off-shore slush funds and the revenue from the contract itself, to sell out the public interest in the form of a $16.8 M public contract with your employer the Texas State Government.

For a product that your prison population couldn't digest. And no one's been able to since, for any length of time, practically anywhere.

Equally surrounded with so much distinctive, **though necessary to deceive**, nefarious activity that it's almost as 'loud' as Yank Barry, figuratively speaking.
The **deceptive** elements were:

- your personal extensive involvement with the contract, as it's terminology went back and forth w/ Barry, only to be sent by Vitapro to San Antoine, when you could have taken it there yourself – distancing yourself,
- your audience of Nancy Guppy, **after** you had already decided to jump ship and sell out the State, to give you support in your sound appearance of awarding the contract,
- your 3 fake invoices to support bribe payment, JUST AT THE TIME I WAS LEAVING, to try to pull me into your scheme, and their timing (you didn't need invoices for a salary, no?)
- Barry's request that I contact you myself, for a 1 minute call to confirm payment, 'pulling me in', when he was the exclusive contact with you, and was on the tele. with you up to 2 hours per day since at least the winter of '93

In tax law, that's called "common mind": you acted "as one" with you to receive a $365,000/yr. job for a profit given to Barry of $3.5-3.6 M over a few years, while also opening up the rest of the US prison for him. You had no problem conspiring, while trying to cover your appearances, of opening the Texas State purse to Barry, for $365,000/year.
Pretty much in substance exactly as the US DA said at trial. And, exactly what I say as Yank Barry's own accountant having watched and participated in the whole stinking thing.
A bought deal.

[178] It should be pointed out that Barry had **already colluded with ED Foods, Vitapro's product mixer, to mislead the public by getting their permission to use the likeness of their building on the Trans-Canada Highway, photo-shopped, to appear as his own with the Vitapro sign on it also saying that 174 people worked there**. (there were no payments by any of Barry's companies for this permission while I was there – I suspect Larry Resnick was the one who arranged that to occur.) In reality, it was another company's building, with another completely functional business in it that merely supplied him his product who had allowed him to mislead the public with a processed fake picture of it. It's still on his Vitapro web-site and sales literature as such.

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any more stale product to Texas and needed to supply OCS.[179] [180] **Needless to say, I could hardly keep up with the ED Foods invoices that Barry had started to cling to 2 floors up since I didn't process any a/p for the sales but the a/p was climbing.** Vitapro's margin on tvp was 20-22% at that time, approx. so he was making approx. $45,000 per shipment in profit but, like a glutton, he immediately took out $225,000 as deferred salary.[181] As I say, I don't remember what happened to his a/p side of the Texas contract, but, if you have **your supplier helping you con the public with a fake picture of your own building**[182] maybe start-out a/p wasn't much of a problem for a company, **ED Foods, looking at a $16.8 M contract, which would give them $13.5 M in revenue.** But Yank Barry came first off the top of the revenue coming in. I would fill out the customs brokerage docs and the invoices with billings going out at $225,000-250,000 per van load and there had been 2-3 shipments by the time I left with payments for such popping up faster than I could get the incoming information on them except hearing from Barry, as an incidental instance, that Collins had arranged payment: completely in the dark, until the bank statement arrived, and that's NOT GOOD if you're the company accountant. But that's Yank Barry's world, the accountant stays in his basement office behind a locked door. Except….

Also, before I realized that I would be making wire-transfers to Collins I was in Barry' office, the big one on the 2nd floor by that time, and having payables paid off – either submitting them or picking them up after signature – and I heard him say to his father-in-law David Pickholtz[183] that **"Jack Crom needs 30 thousand for Georgia and Florida."** And I did not have any idea what he was talking about except that I thought it was lbs/kilos of tvp, the product. That was in the late summer of '94. Later, Jack Crimm, in Barry's Texas proceedings, testified against the state. And there's only one "Jack" close to Crom here. That's all I heard about that.[184]

And then came the first bribe payment to Collins. Barry called down on Friday, Dec 9th at approx. 10 AM to ask about the bank balances and he asked me to transfer some funds from YB Productions/GLA

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[179] That $16 k took forever to pay off since he simply didn't have the funds to take care of it with absolutely no "big money" coming in – his OCS contract was producing $100-300 sales at a time and had sold only perhaps $1800 by that time, and the ED Foods AR supervisor was constantly calling me to ask for payment and we'd agree, with her starting, that this really didn't matter since the principals knew each other but she was just doing her job: it got to be almost a pathetic joke after a while.

[180] Uncle Larry Resnick was probably the connecting influencing factor here – he's the advisor to Yank Barry.

[181] I didn't have a clue about this until I got the bank statement and noticed wire-transfers in and this amount going out with Barry then telling me about it. As usual, keep the accountant out of the loop a much as possible, and try to have him keep his dungeon door locked. As Vineberg wondered why my banks wouldn't recently reconcile, on exit: try and keep up to Barry! Actually, I had a good sense, and David Abrams did say to me once "How do you keep it all together Lyndon?", not knowing the half of it, and he didn't know how I actually did, Right Yank! Hardly anyone knew that I could handle multiple variables in my head from consuming court cases with my tax research, but even with that, it boggles my mind at what he did: **a concentrated walking-talking septic-tank of criminality.**

[182] Since when does what should be arm's-length company allow its appearances to be used to deceive the public by one of its customers? **No on-books payments were made for that by any of Barry's companies: did the principals of ED Foods take maybe tax-undeclared cash for that from Barry, or did they freely agree to help Barry con the public by allowing use of their premises altered picture all these years for openly?**

[183] Husband to his mother, Ruth Resnick, both now deceased

[184] Barry was forever using code-names for both his uncle Michael Resnick and Larry Resnick: Michael was "Maxie" and Larry was "Louie": and while Barry misspelled Lallouz's name as I read it upside down when I obtained his tele number – he spelled it "Lalose" – maybe Barry simply didn't take his notes properly, or was trying to disguise it.

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Music to Vitapro[185]. He then called back and had me write some account numbers down to make a wire-transfer out of his off-shore account: **I didn't even know he had one and looking back this transaction *popped up like a big sore thumb* since I had no idea what it was or what it related to: it was handling funds from an outside source and when you're used to studying the balances of the companies and their transactions *on a daily basis*, working with them all the time as the transactions go through as the accountant (and they've very easy to keep on top of with the software how elementary it was), *you know an outside source when you see one.* It was clearly one of Barry's personal accounts and I thought instantly that's where he has some funds: I did not know where he was seeding back the undeclared cash from his criminal SBL fraudulent-loan selling since I didn't see his personal bank statements ever so I simply didn't know anything about this source[186].** He told me a fax number, I put on the upper left hand side of the wire-transfer sheet to the offshore account administrator– by then I had transfer ability for the companies between accounts, but I didn't have complete signing authority on the companies' cheques – that's what he kept Yvette in practice for in case she needed to forge his signature. He then called down to ask me to fax both sheets over to Pasqualle Romanilli at the National Bank St. Laurent Branch to have him do both transfers and when I did this Pasqualle called me back up to explain that he couldn't do the one related to the off-shore account. I called up to explain to Barry such and he explained to do it myself which I did from the fax machine in the NE basement office where the old fax machine was, having to look up in the tele. book the exit code to get the fax outside the country. Then Barry came downstairs with 3 folded regular sized invoices made payable to Certified Technologies, for $10 k, $10 k and $20 k carrying invoice numbers 4, 7, 23, fake in appearance and having been around a bit in Barry's world I could almost know what a fake invoice looks like. He asked me when he was in my office to call Collins to confirm that the payments had been made and he was all in black with a brown belt to my left when I called Collins office to go through a female receptionist to get to him. I explained that the two payments had been made and that he can expect them: he was happy saying he'd be looking for them[187]. **So with respect to Andy Collins not knowing that he had received two payments, as stated in the following proceedings, that's a complete lie since I'm the one who told him about both in the call[188], in the plural[189], and with respect to the bank "making an error" and transferring by mistake as tendered in the proceedings with caused acquittal, that's an equal fraud since I was**

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[185] A few sheets of paper going to Pat Romanilli's St Laurent branch of the BankNat for that: the fax time will show when.

[186] On Aug 25th, 1995 he elaborated that he and Ben Myers had been in a meeting with Jack Bernstein of RUV and that Myers had tried to audio-tape it but Barry caught him and smashed the tape-recorder and threw him out of the meeting. Up until then I had not heard the name Jack Bernstein. Jack Bernstein is an international tax lawyer.

[187] It was a 1-2 minute call – I went through a young female receptionist and I was wearing brown with brown shoes on that sunny day. The call was made at approx. 2-3:00 PM Montreal time.

[188] He also knew full well of the existence of his Certified Technologies since that was who the wire-transfers were made in respect of, **and I explained that to him when I made the call.** See Fn 129 in the judgement. See also Fn 135 where the corrupt co-conspiring banker, either Romanilli or Faubert, of the NatBank issued an 'apology letter' to Barry cover its purported error: completely fabricated **when I was the one who made both transfers approx. half an hour apart, to both the bank and to the off-shore slush fund administrator, at the exact same time from Vitapro's office at Barry's instructions,** one from his off-shore fund where he had stashed his POC cash from selling fraudulent SBL's to businessmen around Montreal, through these bankers. **With respect to Collins apparently not having access to his own Certified Technologies bank account as later commented on in the judgement, that too is false since he was well aware of it when Barry came to my office immediately after I made them to have me call him to confirm that they had been sent and that he should expect them.**

[189] **"Collins, I made TWO to your corporation, and why would I say only one when it wasn't the case!?"**

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the one who made the two transfers with Barry introducing the bank into the equation to try and get support from a corrupt banker who was conspiring with him to bilk the taxpayers loan program right from the start[190]. That was the only time I actually talked to Collins and that was the only time I called TDCJ. **What's interesting is that Barry tried to incriminate me by having me sign the offshore transfer which means that somewhere along the way someone had to have forged my signature on the account administrator's document since I had not ever seen anything related to this and that's why the transaction stuck out so much.** To this day I still don't know where that offshore fax went though suspect it was to St. Kits since Yvette had mentioned that they had gone to St. Kits for a vacation – it was a Caribbean tele number, and Yvette had been kept practicing Yank Barry's signature, and Yank Barry always mixed business with vacation, always. Also, everyone in Barry's close circle used to laugh at the easily-forgeable scribble of my signature of that time[191].

So, on one of the last days that I was there, I left on Dec 13th when Paul Shade didn't need me anymore, Barry made the two payments from his corporate and off-shore account. If Yank Barry was not lying to me when I asked him about getting a loan in the fall of '94 about making 15% of the face value of the loan, and splitting it with Denis Faubert at the Natbank, he would have made approx. $150 k and while I did not see his personal bank statement ever, that cash was not showing up anywhere in his companies: there were flow-backs of SBL expenditures to keep the companies going, but the cash made from selling loans had to go somewhere.[192] And he had no other source of income that I ever saw – he relied entirely on Vitapro salary and fake flow-back invoices for his personal expenses.[193] And, where else would one ever want to put undeclared and illegally obtained large amounts of cash, but in an off-shore bank account[194].

As I said, I called CRA Special Investigations on Dec 20th, 1994 to start the systematic divulgence I had planned for all along. As I say, I had seeded down purposefully deficient 'business plans' for all of Barry's clients that I had processed. I had two instruction sheets back from Denis Faubert commenting on the plans[195], one of which, was commented on in the attached Mtl. Gazette article, I had knit

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[190] Picture at least two conspiring bank employees at that time, Denis Faubert, in Head Office, who was managing Pasqualle Romanilli, then St. Laurent Branch Mgr.

[191] I never saw an account opening document for Barry's off-shore account but somehow its administrator accepted my scribble signature to make the transfer. Same as Barry asking me to take a token role in his SBL scheme by asking me to explain the fraud process to his clients, when they had already been sold on it by Bernard May and had put up their cash to the process to get to the point to talk to me. And then, Bernard May's systematic 'interview' of me, after the fact, over the tele. Dec'94-Aug'95.

[192] There was 1 instance where I saw a 'large' cash deposit, "$5,000" he said he got from selling sports cards, in the late fall of '94, I marked with quotation marks in the bank deposit book. **That's the only time I saw considerable cash ever being transferred into the finitely financed companies: the rest came back as cheque payments.**

[193] By then his corporate offices at 5 Redpath had all its utilities carried by Vitapro, while he lived there.

[194] Jack Bernstien of Richter Usher Vineberg was Barry's international tax counsel for Vitapro since on being called back on Aug 25th '95 by Barry to confirm that I hadn't talked to anyone Barry mentioned that he and Ben Myers had had a meeting with Jack Bernstien and Myers had tried to tape it before being discovered. **That's the only time I heard Jack Bernstein's name, ever, around Barry and I later found out that that his speciality is international tax.** This is **NOT TO SAY** that Bernstein advised Barry directly on how to stash, knowingly, illicit cash in an off-shore account since I don't know Jack Bernstein in any manner, but, the intelligence had to come from somewhere since I knew nothing of the existence of the account until it popped up for transfer out of. International tax and its surrounds is not my forte.

[195] "Perhaps, Mr. Denis Faubert, when you're not too busy at Head Office, you can explain to Yank Barry's FOX News, what you meant when Yank Barry's accountant, **and business-plan writer for his criminal scheme**, had Yank Barry's cash SBL client tell him that he **had $600 in the bank**, and the accountant wrote it into his FS and

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registered security on assets together, having a complete understanding of that process due to the study of such for which I obtained an A in the attached Concordia U. transcript[196], I had very deficiently composed invoices for every forgery-based SBL-fraud based invoice I could get at, so I called CRA.

That day Yank Barry had extensively threatened my life and had me come back to the office. I was owed $5.2 k as GST billings that I needed to finance the start-up and growth of InfoDemco, my company, and he was refusing to pay me, saying he'd have to consult with his uncle Larry Resnick. I called him and demanded that he pay and stated that if he didn't pay "I'm going to collect the whole amount[197]." And then he burst into an uncommon amount of anger. He screamed back to me when I was in my kitchen that sunny day that "I'm not going back to jail unless it's for murder when I rip your throat out with my bare hands." He then explained that "You're going to lock yourself in your apartment and don't come out!" and hung up. A few minutes later he called back up and demanded "You're going to come by the office around 3:00 today and you're going to meet an old man and he'll settle this." I thought instantly he was talking about Frank or Vince Catroni so I ran to my front office after typing out a quick letter addressed to the RCMP Commercial Crime and equally packaged all my evidence. I gave the letter to my employee and told her to go home and call me in the mid-morning next morning before she came in. If I wasn't there, I told her not to come in and mail the letter. In the letter was a short statement about what had been going on and gave them the address of a friend to whom I sent my 1-1.5" of documents collected over my length of time inside Yank Barry et al.[198] I went by Barry's office at 3:00, my knees so weak I could hardly walk out of the Guy-Concordia Metro Station and met him. He was grinning, in a black golf shirt, in his small 2nd floor office and explained that "Frank couldn't make it today." And then took me downstairs where Paul Shade CA, the new accountant, had prepared 1 cheque for 2 weeks' worth of my billings as well as two weeks' worth of invoices, forward, and demanded I sign them as if I actually did work there: **no one will ever see any of my handwriting, on anything, related to Vitapro etc., after Dec 13th, 1994[199], but Barry thought he'd try to give me the appearance of being on-site, which wasn't the case.** He also had me sign a loan-back cheque, payable to me, and contacted Pat Romanilli, banker at the National Bank, who generated a fabricated piece of evidence in Barry's Texas proceedings[200], to explain to him that I wanted Barry to cash one of my cheques and that I wouldn't be coming by: Barry double endorsed it. This went on, as Barry would call me back for payment of the GST

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submitted it through the process to you, and caught your 'ricochet', what you meant when you instructed to "Increase his cash in the bank" as one of your note-form written instructions." **How, precisely, does a person do that?** "What's your public answer on your relationship with Yank Barry Mister Faubert: 'Just a normal client at the branch'?: for a criminal whose cash-sold SBL clients you processed all over Montreal, **as you went from branch to branch, over 19 months, and the provincially-guaranteed loan for the business-plan writer of whom you seeded down on Cote-des-Neiges, after confirming with him that he knew what he was doing when he signed. I knew what I was doing: did you?**

[196] Bankruptcy and Secured Transactions

[197] Also the $14.4 k still on his companies books as SBL proceed flow-back

[198] It's called a dead man's switch

[199] Except double endorsed cheques he made me come back for over a period of months to grind down the $14.4 k 'loan' disguised flow-back that was on his companies books.

[200] I say this since someone wrote an apology letter for a 'bank error' and it should have come from **Vitapro's branch mgr. at that time who was Romanilli.**

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billing as well as get endorsed-back cheques until approx. May'95[201] [202]. Needless to say, I starved for my money on the start-up of InfoDemco since I immediately went to social assistance, not eligible for employment insurance and also just having had my life threatened, yet again, by Yank Barry[203].[204]

Because my life had been threatened by Yank Barry and his cohorts a few times, with his overwhelming references to Frank Catroni, with the last one being the one that I thought I was going to "get whacked", I explained to the respondent at CRA that I would call them back and that men were making money defrauding the SBL program[205]. I didn't know anything about Sidney Lallouz except that he had obtained a SBL through Yank Barry/Denis Faubert: **and he was the last SBL client that had gone through the SBL process at specifically that time [Sept-Dec'94].**

That's all I said in that first call. I placed it just to have CRA request, as I hoped they would, from the RCMP to have wire-tap placed on my phone since Barry would not be letting me go so quickly. After that I continued, off-site, to continue to build up my business through optically scanning etc. As Yank Barry processed my business plan. I had paid him $1,000, as evidenced on the wire-tap, so the loan was in play however I had not been asked to meet anyone from the bank. In fact, I was not asked to meet anyone from the bank as it was simply extended by a branch up on Cote-Des-Neiges, Montreal. **Clearly with inside connections Denis Faubert in Head-office by then and Romanilli in the St. Laurent Branch, this enlarging conspiracy had the ability to sprinkle down loans in some different branches, at their choosing, across the island.**

With respect to the $14.4 k in loans that Barry had on his books, from SBL proceed flow-back, he was having me come back week after week to sign them off. While choking for start-up cash to get my project into position.

After that, since I knew that CRA/RCMP would be listening on hopefully my prompted wire-tap, I allowed Barry to keep contacting me about processing more business-plans for two additional clients that were going through the process[206]. Claude Di Fazio had come back for a 2nd SBL, saying that he hadn't made

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[201] Can anyone out there determine whether that makes Pasqualle Romonailli, who probably fabricated the tainted evidence – and he was branch mgr. of Barry's branch during that time - in Barry's 1st Texas proceedings, an accessory to extortion?

[202] Throughout that spring of '95 I was constantly thinking of maybe killing Yank Barry and Faubert at Cedarbrook through an ambush on the golf-course to try and get away from this whole situation but 'the packaging was good' so I just let it continue to allow more evidence/transactions to bury themselves with.

[203] I had also run down, and I do mean that literally, to the MUC Police station at the head of 111 Rielle to ask if I should file a police report and was told that if I did it would prompt an immediate investigation which I didn't want since that would slightly upset my plans and it would be to no avail anyway since he certainly wasn't going to stop: I didn't feel like "locking myself in my apartment" and not coming out, as explained.

[204] Up until Aug'95 I can tell you that the Revised Statutes of Canada, the backbone of federal statute law, consists of 17 miles of text since I marched at the double-pace to get it optically scanned and processed into a deliverable key-word product and did have approx. 11-13 sales of such before finally approaching CRA./RCMP.

[205] You'll note that's exactly what came out in the paragraph about the tip, when really Lallouz wasn't making legitimate money since his shopping adventure hadn't even opened yet: the tip was about SBL proceed flow-back, not about commercial operations.

[206] It also caught a not-so-small drug problem, that had been routine for about 9 months (June'94), whereby when Yank Barry was out of town a certain someone would call me at home after-hours to ask "Whatsyadoin'?" in her oh so sexy, uneducated, voice and ask me, this time, to pick up some hashish so she could party. During the lead-up on other instances to that we'd watch tv or dance up Cresent Street, when Yank was out of town. **Think, Yvette.** Thankfully I knew someone who smoked hash, otherwise she'd maybe have the shakes that nite. Is she doing cocaine now? But then, Barry was cheating on her by wrapping himself in Janet Harris of Florida: so it could be said that there wasn't any shred of decency in Yank Barry's world.

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what he wanted on the 1st one [Satellite Specialist] and then told me that he had met Yank Barry for the 1st time: **he said he didn't know who he was dealing with on the 1st one, the Chinese cut-outs with Bernard May/and myself, as Barry had created, had worked for the 1st one. Di Fazio didn't get his "Fantasy Garden", it was in the process however.** There was another, however, which did go through, for which I wrote the business-plan, another 10-14 pg. special, [by then I also had Barry's hand written instruction notes all over the one for Fantasy Gardens, as well as a collection of his other instructions: expenditure lists etc. generated as he spoke with May to convey the info to the borrower and myself to adjust the business-plan] which I tried to link-up again through SBL expenditure, via offering to sell $17 k worth of computer equipment to that SBL borrower while, with almost the next call, offering to sell the purchase invoice to Claude Di Fazio for his company: **knitting registered security together, again[207].**

In mid-June'95 Bernard May visited me and was faking, or for real, crying slightly, saying that Claude Di Fazio and his friends had taken May for a drive through Mount Royal Cemetery and threatened to put him under ground if anything ever came out. I'm not sure if Barry had put him up to this or not, or even that it really happened – Di Fazio was in the process at that time so I'd like to know why it would happen. Barry later called me after that, in July'95, and "put the arm around me" to clear up Claude Di Fazio's tax problems since he had a tax debt to CRA. Di Fazio brought me his boxes of books and I started doing what I could to get him to pay, anything.

On approx. Aug 25th '95 Yank Barry called me to come to his office. By then all the money issues had been settled between him and I. He unplugged his office phone and asked me if he had paid me by cheque for Lallouz's plan to which and when I said no he interjected quickly that it was cash and then instantly jumped into the fact that Gilles St. Marie of CRA had called him about Lallouz, him and Denis Faubert and that Denis was concerned and had been to Vitapro's offices worrying about if he'd lose his job as Barry explained to me. He asked me if I had told anyone and I said no and we shook hands and I left. I let one week go by about this before I contacted CRA Mtl SI seeking to talk to the person who was handling the Sidney Lallouz file and spoke to Gino Vita.

Did I trick you Yank? Did I stop? False hope: the transactions don't lie. And you thought you knew how to hurt people, what's your phrase, "Fuck'm in the HEART!"?

And that's how Yank Barry 'disguised' Small Business Loan expenditure loan flow-back, as 'loans' from numerous parties in the start-up in Vitapro and his other companies to support them, acquiring assets that were useless in some cases just to get the money, as well as living on them personally when the flow-back didn't pop up there, conspired with his BankNat banker Denis Faubert and Pasqualle Romanilli to sell for cash even more SBLs around Montreal that also would contain fraudulent transactions[208], as well as disguised the bribe payments to Andy

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[207] **I can't for the life of me recall the identity of that borrower – they should be on intercepted tele if it was instituted.**

[208] **And built up an off-shore cash slush fund to bribe Andy Collins of TDCJ out of these undeclared illicit cash sales of dirty loans as well as SBL proceed flow-back that wasn't used to personally survive that didn't come back into his companies in disguised means as well as the proceeds from the Texas contract itself, which you told me you'd do.**
With respect to Barry/Bonds assertion that Barry got his start by investment by Bonds in Vitapro, in another book on Googlebooks, I don't remember seeing any equity/creditor position of Gary US Bonds anywhere near any of Yank Barry's companies all the while I was there – Apr'93-'Dec'94 and keep in mind that Gary US Bonds was entirely co-conspiring with Barry, criminally, on the reintroduction of a burned

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Collins of the agreed to $365,000, as 'salary' on condition the TDCJ contract was awarded, with appearance support to throw off Collins colleagues from Nancy Guppy, which it was. All a charade: follow the substance, not the form, which in this case is 'where did the money go' since everything else is just for appearance 'snow-balled' up trading on assets that had no value and individual / organization, as *'the assets'*, after another[209].

I have a closing message for you Yank Barry: you never could get to me. You were just too stupid and too slow. And I read you perfectly. And clearly I hated you right from the start: you're everything I dislike seeing in people, only, all in one, you. As someone said to me about people sometimes: *"I hate the way you stir your coffee."*

You can maybe get your counsel to serve injunctions on Google Books to try and put a stop to this publication of your history while suing me for defamation, libel, throw the works.

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out YB Productions asset of no value, Barry's master-tapes, with a $100,000 SBL expenditure whereby $56,000 came back to a YB company,

- **just like Rubin Fogel had done and**
- **just like Ben Myers had done, and**
- **just like Yvette Findley/Barry had done, and**
- **just like Kongia Construction had done (as explained to me) and**
- **just like "Sheldon", a family member of Barry's had done and,**
- **just like I had done, etc.**

So, Gary US Bonds is also quite willing to supply Barry a public alibi on the source of funds, which begs the question, "Do you have a wire-transfer for these significant investments Mister Gary US Bonds?", "Did you declare your 'investments' on your US tax returns?", "Show us your bank account where they came out of?" Then I'll show you Yank Barry's corporate tax returns supplied by RUV (Barry's acc'g compiler) over the starting years and we'll see if 'your numbers' match with reality, "friend for life". And, where did all the "other" money that Barry made from fraudulent SBL proceed flow-back/loan sales go? As Nancy Guppy, of Chapman's Landing, supplied an alibi to Andy Collins, Gary US Bonds supplies a public alibi to Yank Barry's starting capital.

[209] As a side-note on what our Yank Barry has been doing recently, in love with the Syrian conflict as his seemingly meaningful attendance to it, he has stated that he has **a supply contract** with the Bulgarian government to supply them vitapro to feed their refugees and has had their rep. attest to its quality (same as what happened in TDCJ case). The population of its largest camp is approx. 7,500 so when you do the math, and if they eat vitapro at a rate of ½ lb per day each, and it reconstitutes at 5 o 1 and he sells it to Bulgaria at approx. $8/kilo he has revenue **from the largest single camp** equal to between **$2.2 to 4.3 M/year. And profit therefrom, at his '94 gross margin, of $436-873,000/year. Just from that one camp. (He supplies probably all the camps actually, and who knows how much they actually do eat.) So he's making more revenue and profit than just this from Bulgaria. He makes money from it, he doesn't give in his own money. And that excludes any possible rent he may be actually charging these refuges to stay in his run-down hotels that he may rent. So, Bulgaria is actually a profit centre for him, but a great way to spin to the Continental public through his publicity machine how magnanimous he wants you to think he is. Find me a person on the street who wouldn't consider this a complete lie: an individual who says he's helping when really he's there to profit.** Every criminal deserves to earn money in society until he's convicted for the crime he perpetrated and sentenced into the state's custody so I don't mind you doing **business**, and not 'philanthropy' in Bulgaria Barry: I'm just shocked that you're still lying, **as usual**, about your real motive for being there when**, per your own statements,** your Vitapro has otherwise made huge amounts of wealth for you. **Do you only care when you can make money from it? Yank Barry doesn't philanthropically 'support' Bulgarian refugees: he sells vitapro to the Bulgarian government who feeds it to their refugees: that's how Barry disguises what he does, using the word "support".**

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Where's the suit after 5 months now[210] on this – we'll just keep running the clock, 'k? *And if you don't react, the World will ask why not if it's not true.*

As you do this, thousands of this will be downloaded and copied all over the planet and you'll live forever because then probably they'll be serving it up (did you really think you 'owned' the internet little macher?).

If Google responds to your injunction and takes it down, I'll simply launch some Russian, or other highly inaccessible server, web-site by buying some stupid domain name and you'll be searchable there too.

You can obviously sue me[211], like you've tried with the Wikipedia editors and the National Post, BUT, in the end, as you scream and shout publicly, the above is **exactly what you did April'93-August'95 as you ripped off, everyone. You're just a scheming little twisting, twisted shallow fool who will never walk away from your past. And I say so since I was the one who came along with you almost all of the way. Did you get 'ahead' of me, or behind?**

I didn't make you a menace to society: you did that yourself. And there's a long string of broken people[212], because of you, in your past when you actually look into it. Solely because of you. All you are is a criminal con-man spinning your words to anyone who will listen, like you always have been. *And there will never be anything more to you than that.*

And to look at how you, as a crooked little spec of cat-shit with a big mouth and a diseased mind, bankrupt at the core in honesty and a mere sizzle-salesman scheming probably every minute of your day, corrupted the Texas Department of Justice by finding a weak-link in the form of Andy Collins, Jack Crimm and Charles Terrel and Nancy Guppy who all sold out their duties to their employer for your bribe money (for a product that no one can sustainably eat) I wish I would have taken your unaccomplished little uneventful dirty life in '95. But that would have been a CC violation: I just wanted to own the whole insides of you instead and throw you into a prison for it.

There's nothing funny about you.

And I should know since I was your accountant, remember?

How little of the World you actually have an impact on.

You'll probably be re-arraigned in Texas, if not there, then for Rico-activity you perpetrated after that, for the true larger conspiracy you ran: **bribe Collins and cover it up with your bankers and Nancy Guppy.**

Your future is behind bars and I'm ready to put you there. As I always was.

And what's funny is that all those, stupid, tweeter feeds and facebook likes (as some wonder why you can't produce more), including from **Buck Revell**, some incidental past, *token*, FBI officer, *who can't pull a time machine out of his rear to get back 'there'*, **when you illegally stole from the public purse**, are completely irrelevant.
Remember Barry, I was your own accountant, who processed all your dirty loan clients for you, even got one myself, as you went on your little spree. And turned you and everyone else in for all of it.

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[210] Originally posted to Google-books in all my works on Aug 1-2, 2015.
[211] I'll 'pull a Yank Barry' on you: good luck with the judgement, if you get one, but first we go through discovery.
[212] From employees, to suppliers, to **government purseS**, a lot in concert with those closest to you, to personalities and after those, those after

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Do you need to "BUY for a bank loan" another invoice from me little macher, so you can make a criminal fool of yourself?

So,

- Let me let you drag me down to your level, so that you think you can beat me at it
- Let me allow you to order me to shlep your stupid little 15 kilo pails of stupid little nothing around
- Let me watch in disgust as you yell at me, your wife, your personnel…
- Let me digest how you go on your own self-centred little figuratively-speaking illegal rape and pillage of a population that owed you nothing and who are now your enemy because of it
- Let me especially do the deed of walking two blocks to pick up for your drug-using stupid little wife who wouldn't have anywhere else to go, her croque matins for breakfast, like on Mont Royal
- Let me courier your stupid now-dead parrot around for you
- Let me pick you up in the winter at an airport when you're too cheap to get a cab and let me drive a DAT machine from the East End of Mtl all the way to Morin Heights (in the middle of a goddamn snow storm fella!) when you have no one to ask
- Let me let go of what should have been a stellar academic career (my books get more visits than your youtubes, substantially by-and-large now though)
- Let me take the psychological shock of death threats to my 'little' life from you and your brother
- Let me be the rug that you wipe your feet on around the office little macher as you've done and let me timidly take your stupid uneducated criminal wife's insults
- Let me be yelled at from all quarters in your little septic-tank, as the odd guy out
- Let me be thought of, last, a rag, to be tossed around

But,

- Let, **ME, be, your, accountant,** et al to know the substance behind all your transactions, **every one of them BECAUSE I'M IN THIS FOR THE LONG HAUL FRIEND (You will end in prison for all that you have done!)**

BECAUSE

- I'm the singular guy who turned you **et al** in for appropriate reasons to appropriate people. ***You never fooled me.***

So that in the end, and that you have absolutely *NO* discretion over – *you can't stop any of it* – I'll be the one testifying against you, SHREDDING YOUR HEAD with Your Truth, knowing that once convicted you probably won't survive incarceration long. You bribed your way to force-feed gut-rot that no one sustainably eat to hardened and softer convicts in the care of the state friend: You managed to piss off BOTH sides of the line - THAT'S FUNNY - little stupid criminal!

*And that's something your David Foster, your Ali, your Tyson, your Holyfield, your Derek, some guy named '*Buck Revell*' and some guy who happens to have the family name '*Nobel*' and the whole of your irrelevant 'personality list', **a listing of ignorant or equally conning 'assets'**, goes on, **WHO WERE NOT AROUND back THEN**, can't even come close to.*

By the way, have I ruined your 'tv career'? Problem getting interviews lately? Did they embrace you at the US Senate? How's that Peace Prize coming for ya 'Pig-pen'? How's the Chinese tour de force: lot of work, for nothing? Was it like Cuba/Mexico for ya?

You couldn't run a clean functional business if your life depended on it and your own bookkeeper says so. With your own references!

Owned: LOCKSTOCKBARREL ... as a 'mere' 'bookkeeper' snapped the 'King Rooster's' neck and went on to the rest too! Right in front of the Whole World, and no one could stop him. You're on MY planet – soon, you'll be taken off of it. No doubt at all.

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**The Credibility 'Reference Letters' that were Collected,
When No One really Needed them**

The interesting thing about when acting under-cover for the State, is there's so much great evidence that you can collect. In Yank Barry's 'world', you could really 'go to town', disorganized criminal that he is.

I was concerned about my own credibility to be able to speak on behalf of Barry's little Vitapro and all it was doing at that time so I got the lunatic-waiting-to-be-taken-to-task to give me some 'reference letters' (I couldn't get them for alternative employment - I wasn't even looking and I was resolved to hold this guy in place until I had enough evidence of his fraudulent activities) and I was taking courses at McGill's Chartered Accountancy Program.

In the below two 'academic references' obtained from Yank Barry, BOTH were NOT EVEN needed at the time. I was having problems carrying the study load due to the numerous variables that had to be covered in Barry's world and was mentally overwhelmed at only some times 'trying to stay ahead' of him, but I thought I'd have our little macher vouch for my on-going competence, **without actually understanding just how competent I was.**

Yank Barry signed on, as chosen by me who typed up this letter that *"In closing I hope that this letter supports his request for reinstatement into your CA Program* ***should the need arise****."*

And it was sunny day with him sitting at the northern head of his 1224 Mont Royal hole's conference table whereby he asked me **"Am I going to get into trouble for [signing] this?"** joking around like the little smart-ass monkey that he is whereby I merely responded with **"don't worry about it boss, you're going to make the cover of Time."** He was wearing his brown, I was wearing my green.

And that's how you have a criminal give you stated ability to give valid opinion on his 'operations', early, into this dirty little 'engagement'. Employment references are harder to get, generally, since you can only ask for them once: academics you can ask for repeatedly.

Same *little macher* who had his on-the-take 'gatekeeper' banker be cocky enough to accept deficient business-plans, probably merely because the banker knew that I was being threatened and was 'on the take', and, really really ignorantly blew his own brains out with his fraud scheme 'serialed' Small Business Loan purchases.

Shadow-boxing yourself, as you rip candy from a criminal baby.

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LES ALIMENTS

VitaPro

FOODS, INC.

January 15th, 1994

McGill University Continuing Education
Department of Chartered Accountancy and Graduate Administrative Studies
Redpath Library Building
3461 McTavish, Suite 211
Montreal, Quebec
H3A 1Y1

Attn:

Ref: Summary of Failing Student's Activities.

Dear Sir./Madam.

Having heard of Lyndon Maither's recent failures in your Chartered Accountancy Program I feel obliged as one of his larger accounts to provide commentary on his activities to support his request for reinstatement in respect of his forced withdrawal from the program.

Having started a food manufacturing company this last year I was fortunate to have found Lyndon via soliciting him to install computer accounting software and train accounting staff I had unfortunately relied upon for some years. My continuing disputes with my auditors ceased at that point since I learned at that time how incompetent my accounting staff had been and how easy accounting for my companies should have been. Taking two of my companies through their year end reviews Lyndon proved himself quite capable of administering to the most senior accounting routines while Richter Usher and Vineburg found his work essentially impeccable. (He requested and obtained a deferral of one of your courses at the previous corporate year end, due to his extensive responsibilities to me, which he passed on the first subsequent writing.)

One of the principal causes of Lyndon's dismal performance this semester past has been his responsibilities in the rapid growth of one of my companies, VitaPro Foods Inc.. Starting with marginal sales VitaPro has realized growth measured in thousands of percentages during this last six months. Designed to be small in terms of personnel but very efficient in terms of operations virtually every member of my staff has endured considerable strains on their personal activities due to this expanded growth. (It is not expected that this will continue this year.) Throughout this time Lyndon has been very instrumental in the effort. His accounting expertise has proven invaluable in the extreme: not only has he instituted full computer accounting systems for my companies but he has been particularly diligent in cost accounting the various products of the company in a very timely manner supporting rapid decisions required of the growth. As controller for

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the companies he has become indispensable not only due to his command of the day-to-day functions of VitaPro Foods and YB Productions, but also his recognition of the fact that for many entities business simply cannot stop for the day at 5:00 PM, or 7:00 PM or any other particular "normal" time. It has become routine for Lyndon to work at least 70 hours per week and during the last two months he has spent up to 100 hours per week on several very important issues facing VitaPro Foods. Weekends have sometimes proved more active than weekdays. The following have required extensive periods of Lyndon's time and considerable amounts of energy during the recent past:

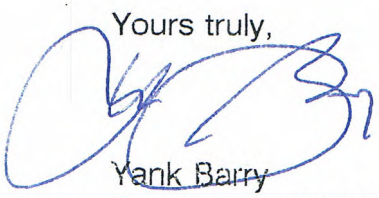
- full costing model development and full product costing for VitaPro Foods' various products
- cost analysis of major capital projects in Mexico/Cuba
- comprehensive liaison with international sales agents of company
- international market intelligence gathering via embassy contact
- personal tax planning
- liaison with Federal Government Export Marketing Development Program personnel
- training of staff
- extremely hectic day-to-day operations in general.

Most of the above activities do not constitute those normally required of a controller however Lyndon has proved his competence, versatility and dedication in attending to them with professionalism rarely seen over this period of rapid growth. His performance in respect of my companies' requirements has been far above and beyond what I could have expected from a CA student and it is with regret that I feel that his recent performance has been partly due to recent unexpected demands put upon him at VitaPro Foods.

In closing I hope that this letter supports his request for reinstatement into your CA Program should the need arise. It would be unfortunate if he were delayed in pursuing his education for a mere inability to balance short term conflicting demands of academic standing and employment.

Should you desire additional information or wish to speak with me in person you may contact me at 528-8243, remaining,

Yours truly,



Yank Barry
President and CEO
VitaPro Foods Inc.

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LES ALIMENTS
VitaPro
FOODS, INC.

March 29nd, 1994.

McGill University
Continuing Education
Chartered Accountancy and Graduate Administrative Studies
3841 McTavish, Room 211
Montreal, Quebec
Attn: Givanna Cucchiara-Cedolin

Dear Miss Cucchiara-Cedolin.

Lyndon Maither, my personal and corporate accountant, has asked me to convey in writing the reasons to support his request for a deferral of one of his courses in your CA program.

This is not the first time he has had to defer an exam in respect of his responsibilities here and the reasons for the previous are equally applicable in this case.

As controller of two and now three very active companies of mine the pace of my businesses has tested his endurance to manage a highly dynamic and informal environment. Having taken two companies through their year-end reviews and initiated the business operations of a third during the last three months he has displayed considerable determination, especially in managing stress of an uncommon nature. It is little wonder that he has had problems finding the time and more importantly, energy, to study for his courses.

Yours truly,

Yank Barry
CEO:
VitaPro Foods Inc.
YB Productions Inc.

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Types of "Fish-hooks", Tearing a Corrupt Banker's Brains out for Presentation to a Judge

As I stated previously, I had no problem, **to evidence out a dirty banker**[1], in the order of occurrence, from Apr'93 to Dec'94, as Denis Faubert processed corrupt loans proffered by Yank Barry for extension:

1. Giving Yank Barry's company, Vitapro Foods Inc. in the early summer of '93 $980 on a token SBL invoice he thought he'd test me with for his cluster's acceptance/initiation (the cost on the way in) which actually wasn't fraudulent (unless of course our little macher would like to explain to a court that it was)
2. Buying $1,000 in US counterfeit $100 bills from his front-man Bernard May, to evidence that out as well, and to also accept being tested by this group to be allowed access to their scheme (none of which I personally used)
3. Remitting a fraudulent Foreign Affairs PEMB international marketing grant application on Yank Barry's instance for his Vitapro Foods in effort to realize a $7,800 as a subsidy
4. Supplying cash flow-back to one of Yank Barry's fraudulent SBL clients, Claude Di Fazio with his Satellite Specialist, of $8,000, on a tainted title document SBL purchase to knit him back to Yank Barry as Barry didn't want any connection to him (*I wanted to transact with each and every one of Barry's SBL clients to establish connections back and tried other times both before and after*), which in this case produced a self-inflicted, arranged, shot to the head by Yank Barry on a serial number knitted SBL expenditure
5. Perpetrated a further token fraudulent SBL invoice of $16,600 to allow Yank Barry much needed operating funds while also collecting the banker, Denis Faubert's hand-writing on the proceed flow-back to Barry's companies, his MO all along[2]
6. Staging a $21,100 insurance rip-off for Yank Barry, which was also within his MO since he had already perpetd such against an airline carrier on a purported baggage loss, whereby he supplied fabricated fictitious invoice from his non-arm's length habber-dasher, which in this instance also included his founding SBL flow-back partner, Rubin Fogel's Fogel Sabourin's fictitious invoices for what turned out to be the attempted $110 k insurance fraud
7. Forged a $10,000 signature on above said insurance rip-off insurance company payment, on Barry's request, to deposit it when the co-signator had refused, Peter Wood of Imageade, Barry's advertising provider (while also getting his enforcer brother, Neil Floyd, to forge the other same)
8. Incurred either the strict liability offence of, without *mens rea* knowingly, making the bribe payments to Andy Collins "Certified Technologies", which National Bank employees fraudulently vouched for in Barry's 1st Texas proceedings, as requested by Yank Barry, or, didn't commit a crime there due to absence of *mens rea* for not knowing what it actually involved
9. Paid Yank Barry $2,000 in cash to obtain my own small test provincial guaranteed loan to drag them across what should have been CRA instituted RCMP wire-tap to prove that he was charging all his SBL clients cash to broker their loans to Denis Faubert

and, far more importantly *and with complete lack of any mens rea for the above because of it*,

10. **Composed junk 10-14 pg business-plans for Faubert's/Barry's criminal conspiracy to bilk the federal government without putting National Bank money at risk through their generally $180,000 Small Business Loans clients, and collect the 'ricochets'. Keep going to save The Big Money, as it happens. As The Big Money added up quickly.**

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[1] Who turned into another 2 corrupt bankers who were sabotaging legal processes involving loan guarantees on money that they were extending.

[2] I had also taken $4,000 of my own savings and lent it to Barry's Vitapro to try to get more access to the pipe-line and garner more information on the numbers of their scheme (how much the front-man made, how much Faubert was making, how much Barry was charging: all in cash): every little bit helped to get to the inside.

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I started this off with an explanation of the salient question "**why?**" ***to explain everything else: to explain, though with to-be-analyzed legally measured justification, conduct***. **"10"** above explains "why?" on all of it breathing of the criminally poisonous environment that *is Yank Barry* for all these months. **"No Big Money goes out the door here: and I'll take your hands off for trying it. Not by Me.[3]"**

It was always a question of tolerance, **to put up with the daily criminal septic-tank that is Yank Barry**, to paste evidence against Denis Faubert of the National Bank for undeniably conspiring with Yank Barry to open the government purse to Barry and his sometimes drug-dealing clients such as:

- Donald Picard
- Claude Di Fazio
- Sidney Lallouz.

I perpetrated ALL of the above criminal acts though without *mens rea* and merely reacting to Yank Barry's requests. **I'm not sure where my criminal liability lies on that: they were voluntarily done to obtain and maintain access to Yank Barry's/Denis Faubert's criminal conspiracy to defraud through the government loan guarantees** and in my opinion **as they occurred,** ALL could be testified to, whereby they all resulted in far more Yank Barry's criminal liability than mine, and that they all would be coming out. **If you can 'capture a transaction' by being party to it, you can testify to it, which is why I didn't mind at all having Yank Barry come to me since I'd know at least what the full story was**. They all could be reversed through criminal legal action since nothing would be covered up. However, of **paramount importance as they were perpetrated over the 20 months day-to-day as his 'bookkeeper; was to generate enough evidence against Yank Barry's criminal co-conspiring bankers who were allowing him to financially survive and who, in this case, also fraudulently exonerated him from conviction in the 1st Texas proceeding by being ground-floor co-conspirators on the initial bribery payments to vouch for their payment**. I think I made a good trade: so doesn't Yank Barry have a lot to look forward to from his own bookkeeper.

To put things in financial perspective, being there to simply passively partake in **$65,500** in value of other crime, *that was happening anyway in Barry's immediate environment as orchestrated on his whim to keep himself afloat*, led to tarnishing of an estimated **$3,202,250** in **19 loan guarantees[4]** and hopefully enough evidence systematically generated and collected as the scheme progressed to warrant convictions on multiple counts, EVERYWHERE, for defrauding using them and, **what also led to discovery of the bribery/conspiracy/money laundering arrangement Yank Barry had entered into with Andy Collins of TDCJ for $16,800,000[5]** in Texas State funds and that's an incurrence of a **0.33%**

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[3] All while thinking, "How close can I get here to do this damage?"

[4] Vitapro Foods (Yank Barry): ~ $225,000
Patatie Patata ("Mike and Jeff"): ~ $180,000
EVO Design (Donald Picard, previously convicted drug dealer): ~ $180,000
Satellite Specialist (Claude Di Fazio, now charged drug dealer): ~ $180,000
GLA Music (Yank Barry, again): $225,000
Jumbo Bear (Edward Shum): ~ $180,000
Dist. Universe DAX (?): ~ $180,000
Buyer of YB Productions "Swing Magic" (Phil Noel): ~ $180,000
Sidney Lallouz (huge drug dealer, two times, + more all over the place): $1,100,000
Fantasy Garden (Claude Di Fazio, again): ~ $180,000
Last guy in the chute: ~ $180,000
Fogel Sabourin (Rubin Fogel principal, Yank Barry's initial fraudulent title co-founder): ~ $180,000**?**
Mine: $32,250, "the deak" across the wire-tap

[5] While the following acquittal case reads a subsequent contract with TDCJ of $32 M, the initial contract that Barry bribed for was $16.8 M as in the summer of 1994.

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value of criminal liability to produce a financial return of **30,537% 'on costs' where 99% is 'pure revenue' in the form of protected/saved guarantees and prosecutable bribery/conspiracy/money laundering**, hellova "legal P&L" to explain to a jury or judge (I wish all my businesses had that kind of margin). They just kept comin'…same old same old as my process just kept running against.[6]

And all my loan business-plans for the following clients to evidence such to be realized by law enforcement were for:

1. Donald Picard (Evo Design)
2. Claude Di Fazio (Satellite Specialist)
3. Yank Barry (#co, GLA Music to rip off on his nonsensical Gary US Bonds recordings)
4. Edward Shum (Jumbo Bear)
5. Distribution DAX

And after initial contact with CRA Special Investigations to establish wire-tap through the RCMP to drag all across for evidence[7]:

1. Claude Di Fazio again (Fantasy gardens)
2. Last Project I don't remember now

At the start, upon arriving in Apr'93, I had observed Barry and "Batista" process "Patatie Patata", a burger joint diagonally across the street from Barry's founding partner's, **Rubin Fogel's, Fogel Sabourin** office on the corner of Rachel and St. Laurent. During that time I had also watched Barry process Sidney Lallouz's businesses the "Fontaine Sante" business plan for which was professionally put together and had watched Barry's YB Productions sell a Phil Ritson "Swing Magic" product on Yank Barry's YB Productions' books to a **Philip Noel** who had also obtained a business plan through Lippman Leebosh (accountancy firm) but who had refused to pay Yank Barry's $12,400 billing for brokering the SBL loan that **Phil Noel** had obtained[8].

And now back to Denis Faubert (and his underling, Pasqualle Romanilli), **Barry's absolutely needed bankers who were granting all these loans**, simply granting guaranteed loan money on anything that Yank Barry brought to them, **NOTHING was refused**.

Each of the above loans was worth, though I did not know how much was actually being granted for what was being asked for, $180,000[9]. The total that went out was ~$3,202,250 over 19 Small Business Loans and as I stated previously, the reason why I, shelped pails of Barry's powder, listened to his crude jokes, took 4 death threats/innuendos, let go of my academics, and left almost in psychological shock

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[6] When you look at only the SBL activity, and the ~$3.2 M that did get granted under Denis Faubert's authority, most probably riddled with fraudulent title flow-back, I incurred a **2% criminal liability**, acquiescing or passively participating on the side to get there, for a **4889% yield**. ***This was my main objective in staying involved with the Barry environment.*** Just by chance he chose to further bribe Andy Collins and I happened to be there but I suspect anyone in the environment wanting to stop a crime would have done the same: bring it to law enforcement and they, should, be able to do something.

[7] As well as Yank Barry and Denis Faubert themselves of course as they processed these loans

[8] That SBL loan had led to a **$92,000 purchase** of Phil Ritson's "Swing Magic" golf learning contraption, **from Yank Barry's YB Productions – just another instance of Yank Barry SBL-selling his own value-less highly dormant assets to his friends to produce financial pay-off to him: same as what he had done with Gary US Bonds tapes that had no value on YB Productions books to sell to his own SBL-funded GLA Music which maxed out on its SBL loan before going bust, calling for the government guarantee as designed by co-conspirator Denis Faubert of the National Bank.**

[9] Barry did explain to me in the late summer of '94 – August - that "you can only make money on it if you go for $180,000" while he also explained that Denis Faubert had made a $80,000 "nest egg" from this so far, when I asked him about getting one for myself. That's also the approx. amounts that were being asked for on the plans I was asked to compose.

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from watching Yank Barry the psychopath basically rip off everyone he touched, was to **"get to THAT banker"**, since **"<u>That BANKER could have 20 'yank barrys'</u>": he's the crooked gate-keeper on the public purse** (exactly the same as Andy Collins was for the Texas State purse when he too conspired in a bribery scheme for a job paying ~3 times his normal to give Vitapro a $16.8 M contract with TDCJ: for a food product that only the destitute will basically eat for any length of time).

I grew up fishing for speckled trout, the colourful ones, in very small creeks around where I once lived: there wasn't very much else to do, except go fishing. I learned to tie my own trout files down to ant size by the time I was 16 (helped me when it came time to study tax). I was so good at fishing that it affected my conscience for years since I had basically decimated the trout population: I caught EVERYTHING. (Led me to restock the creeks a few years ago.) And one thing I learned was when fly fishing, you drop your bait upstream of the fish, behind a rock so it doesn't see it, and let it drift down and the fish simply swallows it. *I've watched that many many times: that's how you catch fish. And you have to hide and blend in.* In this case, I 'got ahead' of Yank Barry's/Denis Faubert's loan conspiracy and ensured my business-plans were 'legal fish-hooks', that NO BANKER would accept: reveal just how involved the banker was in opening the purse. 10-14 page double-spaced half-page business plans do that. The following is an 'instruction sheet' written by Denis Faubert asking Yank Barry to make my business-plans better, in all cases to make them more acceptable for his loan files so that if they were analyzed they wouldn't stand out. The business-plans were routinely handed to Yank Barry who faxed/gave them to Faubert who would extend a loan, in the below case, writing back notes on how to make them look better[10] [11].

This same banker, *Denis Faubert*, who extended ~$3,202,250 over 19 loans to various drug-dealer and other friends of Yank Barry, almost all or all riddled with fraudulent title documents allowing the borrower to make illicit cash income to cover the fee paid to Barry and Faubert and the front-man and the plan-writer, who conspired with Barry right at the start of the Vitapro Foods contract with the Texas Department of Criminal Justice, whereby Yank Barry asked me to make the two transfers to Andy Collins "Certified Technologies", one from Vitapro's operating account and one from Barry's off-shore slush-fund account where he had stashed his proceeds of crime, to whom Barry had interwoven into his bribery by asking me to fax the transfer requests to Pasqualle Romanilli, criminal Faubert's underling at Barry's local National Bank branch on St. Laurent, to give the "1st appearance" as if a mistake had been made, **when Denis Faubert/Pasqualle Romanilli were in on the scheme to disguise the process**

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[10] Egyptians mummified like this: wrap the body in toilet paper (junk business plans) and tear its brains out with hooks (the banker's explanations on how to make them better), as the banker's wife is employed by his "just another client around the branch" and he goes golfing on a membership paid by his client.
CEO of the National Bank, "Louis-Louis" Vachon, if you were to have **your over-paid counsel,** who will not be able to defend your bank's public reputation in hiring and maintaining the employment of Denis Faubert and Pasqualle Romanilli (and your 3rd employee that demanded that I incorporate my project to artificially shield my personal assets on my own loan) read a bit of John LeCarre you may, if you read enough of him, come across a tale of how an expert Russian spy gets a British spy to hand over "diamonds" of British intelligence secrets in return for seemingly even better Russian secrets, in meetings regularly held in a barn somewhere. You have to read the story to understand what was the actual outcome: I did. That being said, did I work this stupid pipeline named Yank Barry to put "garbage" in your loan files while pulling out your employee's "diamonds" for them? And you haven't even heard the intercept yet. Before this is over your Bank will be placing an extraordinary item of a loss of at least $100 M on its P&L for loan guarantees your bank systematically didn't have due diligence processes in place to protect so don't be too surprised what the future has for you: <u>Your Employees Ripped Off My Tax Dollars Friend, And The Public Is Coming To Know About It. Every one of your employees that I met through Yank Barry was a thief on the public purse.</u>

[11] To put things in perspective, I obtained immediately before being employed by Yank Barry an A in a finishing Concordia University course called Creditors Rights whereby the class project was to approach bankers for a prospective loan to learn the mechanics: I obtained an A+ on the actual project so these little guys DIDN'T HAVE A CHANCE!

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right from the beginning, like they had opened the Cdn. federal purse, **went even further to fabricate a fake 'apology letter' (when I was the one who made the transfers), given significant credence during Barry's 1st Texas Proceedings** and all the documentary, technological (Bell Canada call lengths), and my eye-witness say that the 2 payments to Collins were authorized by Barry and made by me, his bookkeeper, to Collins' Certified Technologies, after watching Yank Barry brag about putting Collins on the payroll if he extended the contract for his $365,000/year job with Vitapro, almost 3 times his otherwise annual salary.

Hope you like the below hand-written instructions of Denis Faubert of the National Bank to Yank Barry – took time to get them, and an equally scheming brain 'going the other way': Yank Barry wouldn't have been able to survive without him.

This is the same banker who conspired with Barry to give him an out on his bribery payment to Collins which manifested itself with a fake 'apology letter' at Barry's 1st Texas proceedings when the World didn't know that the foundation conspiracy actually included Denis Faubert as well as Pasqualle Romanilli to supply that fraudulent alibi[12].

The instruction sheets are very very self-explanatory and as I say, Faubert was part-and-parcel co-conspirator with Yank Barry in defrauding the Cdn. Small Business Loan Act Program. **Merely evidence of a system of correspondence of completely open access to government funds provided by the corrupt gate-keeper Denis Faubert[13] on how to make financial projections of purported borrowers look better for Faubert's loan files, none of whom he refused as tendered by Yank Barry: a smooth process that no one was supposed to find out about[14].**

To get the below, of two supplied to CRA/RCMP, I chose to make the financial projections of this borrower's project, like them all, so far off what a bank would accept that it would require Denis Faubert to write back instructions to Yank Barry to have them adjusted[15]. While the narratives to the 'business-plans' were also very deficient, like the financials, you aim for the financials certainly since they MUST fly for the banker to extend the loan: almost regardless of what the project is for, if the numbers don't

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[12] Unless of course Yank Barry can explain why he asked me to fax both transfer sheets initially to the St. Laurent branch of the National Bank only to fax on the singular transfer sheet to his off-shore slush-fund when Pasqualle Romanilli, branch mgr and underling of Denis Faubert, called me back that he wouldn't do it. That's the most obvious set of instructions I received from Barry regarding his banking: trying to convolute the trail by bringing his bank into it, **right from the beginning. And that's exactly what the telephone and fax traffic shows: as obvious as a cockroach walking across a white-rug.**

[13] Whose wife, Mary Faubert, was hired by and worked for Yank Barry's family-run Vitapro Foods for practically a year before all of this started to come out when I came forward to CRA/RCMP and Faubert's Cedarbrook Golf Membership which was paid for by Yank Barry

[14] **Everyone was paid cash:**

1. the borrowers paid cash to Yank Barry, and neither payor nor payee declared same on a tax return,
2. Denis Faubert was paid cash to extend the loans (and had his wife hired by Yank Barry and whose golf membership was paid for by Barry),
3. I was paid cash to compose junk business-plans (I designed to bring the conspiracy to the surface and make clear linkages, while also evidencing said cash payments through Barry's 'mortgage letter' of August 20th, 1994) and
4. the borrowers made cash proceed flow-back as what had happened in Barry's companies, Claude Di Fazio's Satellite Specialist and all the others, as the primary MO.

As no one declared anything on their tax returns. All designed to be under-the-table.

[15] About that time I had also pierced Yank Barry's front-man/me as the Chinese walls he wanted imposed in this cash-based criminal conspiracy between his SBL client, Claude Di Fazio, his 2nd SBL client, and himself by knitting the same serial numbers together across two SBL borrowers to place direct contact right back to Yank Barry, as noted briefly in the attached newspaper piece. I wanted to do all of his SBL clients that way afterwards too.

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make sense, the loan application fails. Narratives, for any project, can be whimsical, but if the numbers don't make sense, don't even try. Narratives are also subjective: one banker may be personally hot for a project, regardless of the content, no matter how sparse, while another may be totally cold for the same narrative, laughing at it, which mine, if and when inspected, any person would. But the numbers have to make sense: thus, make sure and *'hit the numbers'* and you get a banker talking to you by having him tell you what has to be done to make it correct, which is exactly what the below shows. Basically, I was shooting the .45 legal bullets up the pipe-line named stupid Yank Barry catching the "evidentiary ricochets that came back" and as long as that banker kept coming back to that pipe-line, I was pretty content firing off my "bullets" and trying to generate "ricochets", one of which is below. How many ".45 shots to the face" can a corrupt banker take and have any expectation of legally surviving from a clear charge of conspiracy: I don't know? **Apparently "Louis-Louis" Vachon, CEO of the National Bank in Montreal thinks quite a few since Faubert and Romanilli's employment has been maintained by the National Bank at head office after *all of this*.**

In this case, while Yank Barry did not know how to compose a business-plan as he stated in the 2nd attached Montreal Gazette interview, why would the banker, Denis Faubert, who was so proficient in banking that he had bounced across 3 branches in the National Bank that I knew of, before being promoted to Head Office, after sprinkling down 19 loans totally $3.2 M on Yank Barry's projects, and I don't know if there were more – again ***'How many "yank barrys" did he have?'*** **– accept this garbage?** The only reason that I can think of is that this little dirt-bag banker had been explained by Yank Barry that I was being paid cash under-the-table at "the going rate" of $500, and, that Barry and his brother had threatened my life a few times intimidating me to keep quiet. ***"So, everyone's safe here",*** **except, no one was.**

Hope you like the hand-writing of Denis Faubert of the National Bank below. No one knew that I had scored an A at Concordia U. in *Bankruptcy and Secured Transactions*[16] the term project of which was testing bankers on their loan processes: I nailed an A+ on that, a few short months before walking into their midst, when NO ONE will survive my "fire-field".

And Barry, Collins and Faubert, we'll see each other in Texas, 'k? You're the star attraction, "bigger than your dreams", silly little criminals. I always finish what I start. By the way, find lawyers who have read more case than me and figure out what kind of stupid questions you'll have to try "as a simple fact situation met a simple law"!

[16] The secured transactions aspect allowed me the "ammo" to knit registered security together on the previously described between SBL purchases.

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$160,000
175,000

Yank - OR LYNDON call me 938-9400

1°- F/Statement 4/94 mentions $492,000.00
Sales.

Pro-Forma 11/94 to 11/95 mentions $681,000.00
Sales.

Question: Do we have an interim statement to back up the $681,000?

IF not have Lyndon correct it, we do not need such an increase to have the SBL purchased.

Question: Pro-Forma Expenses do not make sense.

Rent increase of $10,000 a year the lease that mentions when we move not increase.

$58,000 Why would Jumbo pay less of electricity, insurance, Salaries, selling
$78,000 and furniture, Taxes and Telephone
$94,000 during a year of expansion.
The numbers do not reflect what the project should.

Have Lyndon correct, so it makes sense. To do not need an extension
of proft to obtain approval.

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UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF TEXAS

UNITED STATES OF AMERICA,	§	
	§	
Plaintiff,	§	
	§	
versus	§	CRIMINAL CASE H-98-18
	§	
JAMES ANTHUM COLLINS AND YANK BARRY,	§	
	§	
Defendants.	§	

Opinion on Acquittal

1. Introduction.

James Anthum Collins was executive director of the Texas Department of Criminal Justice, the agency in charge of the Texas prison system. Yank Barry is the owner of VitaPro, Inc., the company that makes VitaPro, a soy-based meat alternative.

In August 2001, a jury convicted Collins and Barry of bribery, money-laundering, and conspiracy. The government had also charged the men with social-security fraud, but the court acquitted them of that count.

The government's theory was that Barry had bribed Collins in two wire transfers of $10,000 each to push a five-year contract with VitaPro through the agency. It said that Collins established a corporation – Certified Technology Consultants, Inc. – so that Barry could wire – and disguise – the bribes to him. Last, it said that the men had conspired to commit these crimes.

The government's case was entirely circumstantial. It presented numerous witnesses from the agency. None testified – or even knew – about a deal of any kind between Collins and Barry. Their strongest criticism was that Collins really wanted VitaPro in the prisons and was really involved in the project.

The government's documentary evidence was (a) the contracts – agreements that had to pass multiple levels of approval – and (b) two wire transfers from VitaPro's bank account to an account to which Collins had access.

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The government also presented evidence of other transactions from Certified Technology's bank account and Collins's personal account. The government did not, however, show how these transactions related to the charges or why they were illegal. Because these transactions were not included in the indictment, they should have been excluded.

This testimony and these documents were not enough to convict Collins and Barry. The success of the government's case hung on its star witness, Patrick Graham – a convicted con-artist and a freelance government agent. At one time, he sold VitaPro. This was before his penchant for fraud caught up with him and he was convicted of stealing $150,000 from the wife of a Texas inmate.

Graham testified that Collins and Barry had told him about their scheme and had even sought his advice on how to execute it. Graham said that, through his daughter, he helped create Certified Technology by which Collins could receive Barry's bribes.

Aside from Graham's manifold character defects, his testimony here was riddled with contradictions. In addition, Graham had a secret deal with the United States Attorney for the Eastern District of Louisiana that – in exchange for his testimony in numerous cases – the U.S. Attorney would not prosecute him for his crimes in Louisiana and would even seek a sentence reduction for his crimes in other states. With this motivation, Graham conveniently knew all sorts of information about nefarious dealings in other districts.

In this case, Graham's testimony of oral, uncorroborated statements was the only inculpatory evidence that the government offered; it had to be substantive to the convictions and believed beyond a reasonable doubt. Without it, the jury could not have convicted the defendants. For these reasons, Collins and Barry ask this court to acquit them, arguing that the government did not prove their guilt beyond a reasonable doubt. In the alternative, they argue that the verdict was so contrary to the great weight of evidence that this court should give them a new trial. They are right.

The court will acquit Collins and Barry. Conditionally, as a contingent holding, it will give them a new trial.

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2. *Extensions.*

As an initial matter, the government says that Collins and Barry's motion – submitted nearly a year after the verdict – is late and that the court has no authority to consider their request. It says that a defendant must move for acquittal or a new trial no later than seven days after the verdict or whatever deadline the court sets during that seven-day period.[1]

The jury returned its verdict on August 20, 2001. Under the rules, their post-verdict papers were due on August 27. Two days after the verdict, Collins and Barry asked for a one-month extension to file their motions. The court extended the deadline to September 27. The government did not object. Before that extension expired, the defendants moved for another one: they were having trouble getting the trial transcript. The court extended the deadline to October 16. The government again offered no objection.

Before the next deadline, the court reporter still had not furnished the transcript. The defendants asked for an extension before the deadline, the court gave them an extension, and the defendants did not object. This cycle repeated itself again and again until, ultimately, the court told the defendants that they had twenty-eight days after receiving the transcript to move for post-verdict relief.[2]

The court reporter furnished the transcripts on April 23, 2002. It turns out that she had suffered a nervous breakdown, affecting this case and others. Errors in the transcripts were staggering: she had failed to give defense counsel portions of the transcript; she had not transcribed entire portions of the trial; and there were errors in the transcription, many of which were significant.

The chief deputy clerk corrected the transcripts by listening to each trial tape and correcting the transcript line by line. He did not have tapes for some portions of the trial; about one-third of the transcript remains uncorrected. Many tapes that he did have were mislabeled. Of what he was able to review, he found significant errors. The clerk finished this process on June 27, 2002.

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[1]Fed. R. Crim. P. 29(c)(1), 33(b)(2).

[2]Dkt. 258.

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The court told the defendants to move for acquittal or a new trial by July 22. Barry did. Collins asks to adopt Barry's motions as his own. Before July 22, the defendants asked to be able to move for acquittal or a new trial based on the inaccuracy of the transcript. The court gave them until August 5. They moved on time.

It is important to note that, at no time, did Barry or Collins fail to meet the court's deadlines. Before the expiration of each extension, they moved for another one. When the court told them to move for post-verdict relief, they moved timely.

The government says that the court may give a person more time to move for acquittal or a new trial, but it must set the due date for that motion "during the seven-day period" after the verdict.[3] Under the government's logic, since the jury returned its verdict on August 20, the court had until August 27 to extend the defendants' time for moving for post-verdict relief. The court could have extended the deadline to whatever date it wanted; it simply had to do so by August 27. After then, it had no authority to give another deadline.

By the government's reasoning, then, September 27th – the extension set on August 22 – was the only valid extension. The government says that motions submitted after this date – even with the court's permission – are untimely and that the court may not entertain them. The government is wrong.

A. *Rules.*

The rules were created to ensure a simple procedure, fairness, and expediency. They were also created "to provide for the *just determination* of every criminal proceeding. . . ." (emphasis added)[4] Justice will not be served if these defendants' convictions remain at all and much less if they remain because the court's reporter became unreliable.

It is not clear what adjudicatory goal the government wishes to accomplish. It is not expediency: the government's argument recognizes that the court could have set a deadline six months, one year, even five years in the future. It seems that the only goal

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[3]Fed. R. Crim. P. 29(c)(1), 33(b)(2).

[4]Fed. R. Crim. P. 2

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that the government wants to advance is hyper-technical simplicity that elevates form over substance. The court has a different view.

B. *Discretion.*

To summarize the government's argument: Before August 27, 2001, the court should have ordered the defendants to move for post-verdict relief no later than August 5, 2002 – the last day on which the defendants moved. Because the court set extensions after August 27 – but always before any extension expired – Collins's and Barry's convictions must stand.

Applying the government's interpretation of the rules, then, assume that, within seven days after the verdict on August 20, 2001, the defendants request and the court sets a deadline of October 1, 2001, for filing post-verdict papers. That is the only deadline that the court sets within the seven-day period. Assume also that, around the beginning of September, instead of a court reporter's mental collapse, members of Congress find themselves in rather intractable budgetary debates that they never resolve or another hurricane visits Houston the day before the motions are due. October 1st arrives, and Collins's and Barry's lawyers go to the court house to file their papers. The court house, they find, is closed. The defendants' lawyers cannot file their motions.

As October 1st neared, the court saw that the shutdown or hurricane was possible. Because it followed a reading of the rules like the one that the government now advocates, it would be unable to extend the deadline – ultimately making the defendants' motions late, stripping the court of the authority to entertain the petitions, and, in the end, making the defendants suffer for circumstances beyond their control. In addition, if the judge were out of chambers for the whole seven days and could not rule on the motion, the motion for an extension would be moot. This result is too rigid. It also contradicts a judge's authority to manage his docket.

The point of this exercise is to illustrate that trial judges are best able to evaluate needs for extensions.[5] Courts routinely give them for a variety of reasons: a lawyer needs

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[5]*United States v. DiBernardo*, 880 F.2d 1216, 1224 n.3 (11th Cir. 1989); *United States v. Reinhold*, 20 F.Supp.2d 541, 547–548 (S.D.N.Y. 1998); *United States v. Robinson*, 303 F.Supp.2d 231, 234–235 (N.D.N.Y. 2004).

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more time to prepare the pleading; parties have to reschedule a deposition necessary for the pleading; or a lawyer has a conflict in another court or a personal obligation. Sometimes the circumstances necessitating an extension are foreseeable; sometimes – as in this case – they are not. The purpose of each extension is to ensure that a litigant has the opportunity to represent his interests fully. When this court saw that the transcript was not forthcoming, out of fairness to the defendants, it gave them more time.

It is not the case that Collins and Barry moved for acquittal or a new trial after extensions expired.[6] They moved before each deadline. As the end of each extension approached, the transcript was still not available.[7] When the court reporter finally produced a transcript, it was filled with errors.[8]

Neither Collins and Barry nor this court could have anticipated her emotional instability. The government, however, wants the defendants to be clairvoyant. Alternatively, it wants them to suffer for a fault in the court because they are not.

C. *Necessity.*

Collins and Barry, the government says, knew that they would argue that the evidence was insufficient and that Graham had no credibility. They did not need the transcripts to raise these arguments. Since the transcripts were unnecessary, the extensions were, too – making Collins's and Barry's motions time-barred. The government is wrong.

Collins and Barry could not merely move for relief. They had to *support* their request. This required explaining *how* the evidence was insufficient or *how* Graham had contradicted himself. They needed the transcript for this. In addition, the court wanted the defendants' "post-verdict papers" – its motions and support – simultaneously. Collins and Barry submitted their materials as the court ordered.

Even if the defendants had moved for relief by August 27, 2002, and later substantiated their motions when an accurate transcript became available, the result

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[6]*See, e.g.*, *Carlisle v. United States*, 517 U.S. 416 (1996).

[7]*See* dkts. 225, 232, 236, 257, and 273.

[8]Dkts. 286, 291.

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would have been no different than the current situation: because of the transcript, the same delay in the court's ability to decide the motions would have existed. The government cannot overcome this argument.

Last, by never objecting to the court's extensions, the government has waived its objections.

3. *Standard: Acquittal.*

The court may acquit Collins and Barry if the evidence is insufficient to support their conviction.[9] On a motion for acquittal, the court must examine all the evidence but may not re-weigh it.[10] Rather, it must view the evidence in a light most favorable to the verdict. That evaluation must reveal that a manifest injustice would result if the convictions remained and that no rational juror could have found Collins and Barry guilty beyond a reasonable doubt.[11]

4. *Budget.*

Before Collins became executive director, the Texas legislature authorized the state comptroller to audit agencies and suggest how they could save money. It told the prison system that it needed to create joint ventures with Texas Correctional Industries and use inmates as labor.[12] The agency looked unsuccessfully for companies who were interested in the idea.

In the fall of 1993, Collins received a telephone call from Charlie Terrell, former chairman of the prison board. Collins was director of the institutional division at the time – that is, the prison system. Terrell had referred Azie Taylor Morton to Collins to talk to him about a food product made by a company that she represented. Morton was former United States Treasurer under President Carter. She was now a salesman for VitaPro.

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[9]Fed. R. Crim. P. 29(a).

[10]Wright, Fed. Practice and Procedure: Criminal 3d § 467 (2000).

[11]*United States of America v. Rodriguez*, 702 F.2d 38, 41 (2d Cir. 1983).

[12]Depo. of Andy Collins, dkt. 215, tr. at 19.

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At the time, the prisons already used soy powder in meat dishes. This allowed the prison to cut the amount of meat that it used in recipes while still serving the prisoners enough protein. Use of the powder extended the meat supply and saved money. The comptroller urged the agency to increase the amount of soy powder that it used. It reasoned that the amount of powder used would be directly proportional to the amount of money saved. The problem was that too much powder discolored the meat and ruined the meal.

Morton left Collins with VitaPro samples. He used them at home in recipes and was impressed. He arranged for the deputy director of operations, Wayne Scott, and him to attend a demonstration when they were at a conference in Florida. Collins then tested VitaPro with his staff, who reported favorably. Collins wanted to test the product at a few of the prison facilities.

5. *Bidding.*

A. *First.*

Collins told Janie Thomas, director of food services, to prepare a solicitation for a bid through the General Services Commission.[13] General Services is an acquisition agency: it contracts with vendors to procure all supplies, equipment, and services for the state's agencies, including the Texas Department of Criminal Justice. Collins wanted (a) to buy a large quantity of VitaPro to test and (b) to check the veracity of Barry's statement that no one else made a product like VitaPro.[14]

In mid-April 1994, Thomas submitted the solicitation for the bids. She had prepared it using a VitaPro nutrition label and information that she had from the company.[15] It called for a "dehydrated textured vegetable protein product."[16] Though

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[13]Depo. of Janie Thomas, dkt. 220, tr. at 82; Collins, dkt. 215, tr. at 25.

[14]Collins, dkt. 215, tr. at 26.

[15]Thomas, tr. at 82.

[16]Ex. 1.

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she had relied on the VitaPro label, Thomas said that the specifications were so generic that anybody who made a soy extender could bid.[17]

General Services sent the solicitation to twenty-six vendors.[18] Only A&M Products and VitaPro responded.[19] A&M responded with the lowest price, and the commission initially recommended that A&M receive the deal.[20] A&M's product, however, did not meet the bid specifications: it contained only soy flour and caramel color. A&M's description said nothing about beef flavor or dehydrated vegetables. It was ultimately rejected.[21] VitaPro fit the specifications of the solicitation perfectly, but its price exceeded the estimate by four or five times. It, too, was rejected.

Thomas testified that she erred when she prepared the solicitation for the bid.[22] The solicitation was for 20,000 pounds of product – not specifying raw or reconstituted product. Thomas had based her calculation on the need for 20,000 pounds of *finished* product. Barry responded with the price for 20,000 pounds of dry, raw product, which – when water was added – would have generated about 100,000 pounds of reconstituted VitaPro. This explained the high price of the VitaPro bid.

B. *Second.*

When the agency realized Thomas's mistake, Collins told her to prepare another solicitation. General Services sent this second one to potential vendors. Its content was almost identical to the first.[23] This time, however, the solicitation contained a section where the bidder needed to furnish information on reconstitution.

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[17]Thomas, tr. at 83.

[18]Ex. 1a; Depo. of Caldwell Prejean, dkt. 276, tr. at 80.

[19]Collins, dkt. 215, tr. at 26; *see also* Prejean, tr. at 80–81.

[20]Ex. 1f.

[21]Ex. 1g.

[22]Thomas, tr. at 100.

[23]*Compare* ex. 1 *with* ex. 2.

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Caldwell Prejean, the assistant director of purchasing for the agency, called Yank Barry to make sure that he understood this new section in the second solicitation.[24] Prejean said that this was a conflict of interest.[25] Although he did not explain, presumably he felt that a telephone call to Barry gave Barry an advantage. It did not. With the first solicitation, General Services contacted nearly thirty vendors. No one has suggested that that process was tainted.

The second solicitation went to the same vendors as before. Because of the first solicitation, the agency knew that the product existed and that only one company – VitaPro – made it. It simply needed to get the numbers right. Prejean's call facilitated that. Prejean did not testify that he asked Barry to skew his price in order to secure the contract; he only explained to Barry the new content of the second solicitation.

Another fact supporting the lack of conflict was that the agency wanted to test VitaPro specifically. It was not unusual for General Services to tailor a solicitation toward a certain vendor when the agency wanted to try a specific product.[26] Unsurprisingly, VitaPro was the only bidder to respond. In June 1994, the commission awarded the contract to it.[27] This allowed the agency to sample the product.

6. *Trip.*

The VitaPro product worked well. Some prisoners did complain, but overall, it was easy to use, prepare, and store. Consistent with the comptroller's urging that the prison system collaborate with private businesses, Collins began thinking about a joint venture between Correctional Industries and VitaPro.

Collins asked Dub Maedgen to investigate his idea.[28] Maedgen was a businessman and chairman of the advisory board to Correctional Industries. In August 1994, Collins,

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[24]Prejean, tr. at 54.

[25]*Id.* at 82.

[26]Prejean, tr. at 80.

[27]Ex. 2b at 2; ex. 2d.

[28]Collins, dkt. 215, tr. at 29–30.

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Maedgen, and Larry Kyle, the director of Correctional Industries, met with Yank Barry and Azie Taylor Morton in Austin to discuss using VitaPro in prison meals and making it a work program of Correctional Industries.[29] In September 1994, Kyle, Maedgen, and two other prison officials visited the facility in Montreal, Canada, where VitaPro was made. The other officials were John Gilbert, assistant director for laundry and food services, and Tom Pierce, program administrator for food services.[30] Collins was not on the trip.

The trip was so successful that, while at the facility, Kyle talked to Barry about Texas prisons being part of the manufacturing or packaging of VitaPro.[31] Barry hesitated on the manufacturing idea; he would need to have quality-assurance people present, if Texas and VitaPro entered into an agreement.[32] Regardless, at the very least, Kyle and Maedgen left Canada wanting Correctional Industries to distribute VitaPro to other prisons in the United States.[33] Pierce and Gilbert wanted to use the product in meals.[34]

On October 18, 1994, Pierce sent a memorandum to Kyle about his impressions of the trip.[35] He said that the dishes that they sampled were "more than acceptable." He also found that, compared to the agency's beef prices, use of VitaPro would save the state money. Additionally, because VitaPro did not require refrigeration, it would be cheaper to transport and store than meat. Since it needed only water to reconstitute it, it was easy to prepare. He recommended using VitaPro in casseroles along with beef or chicken.

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[29]Depo. of Larry Kyle, dkt. 220, tr. at 131.

[30]Depo. of Tom Pierce, dkt. 220, tr. at 69.

[31]Pierce, tr. at 70.

[32]*Id.*

[33]*Id.* at 71; Kyle, tr. at 170; Depo. of Robert Maedgen, dkt. 281, tr. at 85.

[34]Pierce, tr. at 71.

[35]Ex. 31.

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7. *First Contract.*

When the men returned, no contract existed to purchase VitaPro for prisons' use.[36] The agency wanted to order the product through Correctional Industries, who would sell the product to the agency, as it did all the products that it sold. Correctional Industries also wanted to sell VitaPro to prisons throughout the country.

On October 24, Jack Crimm, assistant planner for Correctional Industries, wrote Prejean and Kyle, telling them that it would be "economically feasible and advantageous" for the agency to buy VitaPro and sell it through Correctional Industries.[37] He urged that the agency "proceed with alacrity" so that they could be a national distributor of the product.[38] Crimm worked with Barry on finalizing the deal.[39]

On November 7, officials submitted a decision memorandum to Collins.[40] These were: Kyle; Prejean; David McNutt, the assistant director for the budget; and William McCray, deputy director for administrative services. The memorandum officially proposed the plan for Correctional Industries to buy VitaPro to sell to the agency and to others. Collins approved it.

The agency ordered about $7 million of VitaPro from November 10, 1994, through August 31, 1999.[41] The agency had the option to renew the contract annually based on VitaPro's performance and the state's satisfaction. Like all state contracts, this one gave the agency the right to cancel if the legislature appropriated no funds.

In early July, VitaPro expressed the desire to renew the contract for September 1, 1995, through August 31, 1996.[42] In late July, VitaPro asked the agency if it would enter

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[36]Pierce, tr. at 71.

[37]Ex. 40 at 2.

[38]*Id.*

[39]Exs. 45, 46.

[40]Ex. 3.

[41]Ex. 3a.

[42]Exs. 4b, 4c.

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into a five-year agreement instead of a one-year deal with four options to renew.[43] In exchange, Correctional Industries would save $21,000 each year. Crimm asked Prejean to look at VitaPro's amended contract and see if the agency could enter into the deal.

8. *Louisiana.*

In the spring of 1995, Patrick Graham called Collins about a private prison that a company wanted to build in Louisiana. Graham told Collins that he was a consultant for the project. Graham was actually one of the partners. Graham wanted the names of private-prison management companies.[44] About two months later, Graham asked Collins if he would look at construction plans for the facility. Collins said yes. Months later, Graham asked Collins to look at the operational plans. Collins agreed. At no time did he receive pay from Graham for his advice.[45]

At the end of May, Collins talked to Fred Hofheinz, former mayor of Houston and a partner in the Louisiana venture. Hofheinz owned Viewpoint, the company that got the contract from the state of Louisiana to build and operate the facility. He and Graham were apparently having trouble finding an operator for it. This was impairing their ability to raise funds.[46]

Hofheinz asked Collins if he would be interested in operating the prison in the future. Collins looked at the plans more closely and talked to Louisiana's director of corrections to make sure that the prison plan was legitimate.[47] At the time, Hofheinz and Graham had secured no financing for the facility but were working on it. They told Collins that it would take a little over two years to complete the prison after they got the money.[48] The timing was perfect for Collins: he wanted to work for the state of Texas

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[43]Ex. 41.

[44]Collins, dkt. 215, tr. at 41; Depo. of Patrick Graham, dkt. 178, at 11.

[45]Collins, dkt. 215 at 44.

[46]Graham, dkt. 178, tr. at 15.

[47]Collins, dkt. 215, tr. at 45.

[48]*Id.* at 46.

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for twenty-five years before he retired, and the Louisiana prison would be finished around that time. Collins agreed to manage the prison when he retired from the Texas agency.

Viewpoint and Collins then formed Professional Care of America. Professional Care was advertised as the management company for the prison. Viewpoint would own sixty percent of the company; Collins would own forty percent.[49] None of the transactions of Collins in connection with the Louisiana prison is the subject – directly or indirectly – of the indictment here.

9. *Retirement.*

In early September 1995, Viewpoint sent a bond prospectus to Governor George Bush's office; it wanted Texas to invest in the project. The prospectus attributed Professional Care to Collins.[50] The governor questioned Collins's agreement as an interference with his duties to the agency. On September 8, he told Allen Polunsky, the chairman of the Texas Board of Criminal Justice, to talk to Collins.[51]

That day, Polunsky called Collins, who was in Montreal, Canada, visiting the VitaPro facility.[52] Collins had been in New York City on a vacation and had never been to the VitaPro plant or Montreal. He called Barry and arranged for a tour. Fifteen minutes after Barry picked him up at the airport, Collins received a telephone call on his cellular telephone. The person on the other end – Polunksy – was screaming.[53]

Collins told Polunsky that Professional Care was his company but that his involvement in the venture was only speculative at that point.[54] He saw no conflict because no facility existed for him to operate.

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[49]Graham, dkt. 178, tr. at 13.

[50]Polunsky, dkt. 275, at 101–102.

[51]*Id.* at 101.

[52]*Id.*

[53]Barry, dkt. 216, tr. at 120.

[54]*Id.* at 103.

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After the conversation ended, Collins told Barry that his job might be "toast" and that the governor was upset. Barry told Collins that if the state fired him, VitaPro would hire him.[55] This was consistent with VitaPro's practice of hiring people who had been in public service. Because VitaPro caters to institutional clients – schools, prisons, and hospitals, for example – it hires salespeople who were familiar with those institutions.

Collins left Montreal the next morning. On September 10, Collins met with Polunsky and John Ward, another board member. They told Collins that his deal was improper and that they could no longer support him as executive director.[56] Collins had two choices: resign or be fired. He had to decide by the board meeting that was scheduled for a few days later.[57] A day or two before that meeting, Collins told Polunsky that he would resign. At the meeting on September 14, Collins announced his retirement.[58]

The press reported Collins's announcement immediately.[59] It also said that the board wanted to pick Collins's successor by the end of October.[60]

Collins called Fred Hofheinz to tell him what had happened. Hofheinz and Graham decided that Collins could start working on the Louisiana project on January 1, 1996. Collins would work for Viewpoint as a consultant, not an employee.[61]

Collins also called Barry to see if he could consult for VitaPro when he retired.[62] Collins told Barry that his last day with the agency would be November 30, 1995, as

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[55]Barry, dkt. 216, tr. at 121.

[56]*Id.* at 108.

[57]*Id.* at 109.

[58]*Id.* at 110.

[59]*See, e.g., State criminal justice director leaving; 23-year veteran has private business offer*, HOUSTON CHRON., Sept. 15, 1995, at A-33.

[60]*See, e.g., 10 seek crime post,* HOUSTON CHRON., Oct. 3, 1995, at A-17.

[61]Collins, dkt. 215, tr. at 50.

[62]Barry, dkt. 216, at 123.

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Collins and Polunksy had agreed.[63] Collins later asked Polunksy if he could work until the end of December so that he could vest into a higher-level retirement. Polunsky agreed.[64]

Weeks later, the board selected Wayne Scott to succeed Collins. Officially, Scott's first day as executive director was January 1, 1996. In practice, he assumed the duties of the job on the day that he was designated – October 24.[65] Scott even took over the executive director's parking spot, and he occupied the director's office starting in early December.[66]

Starting October 24, Scott made the decisions. Collins rarely did.[67] Scott and Polunsky testified that Collins was absent from the office a great deal because (a) he had accrued a lot of vacation time and (b) he was looking for work when he retired from the prison system.[68] Although he had arranged to work for Viewpoint, he wanted to make sure that he had explored other opportunities, in case the Louisiana project did not happen.[69]

Collins continued to work on his future plans with VitaPro. Barry knew that Collins wanted to consult for several companies. Collins checked with state ethics officers to inquire about working for Barry and what the limits of that job would be. He was told that he could work on deals only outside of Texas.[70]

Barry agreed to pay Collins $1,000 for each day that he worked. VitaPro would pay his expenses, too. In addition, Collins was to receive a $10,000 advance, which was

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[63]Barry, dkt. 216, tr. at 124; Polunsky, dkt. 275, tr. at 111; Collins, dkt. 216, at 39; Scott, dkt. 220, at 20.

[64]Polunsky, tr. at 110-111; Collins, dkt. 216, tr. at 39.

[65]Scott, tr. at 21; Polunsky, tr. at 146.

[66]Collins, dkt. 215, tr. at 82.

[67]Polunsky, tr. at 146.

[68]Scott, tr. at 19; Polunksy, tr. at 116, 147.

[69]Collins, dkt. 215, tr. at 52.

[70]Depo. of Oliver B. Revell, dkt. 279, tr. at 14.

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routine for VitaPro consultants.[71] Collins wanted to use the advance to buy a home.[72] When he retired, he would have to leave the one that the state had furnished him.

10. *Second Contract.*

When Collins returned from Montreal, the amended contract between VitaPro and the Texas prison was not yet finalized. On September 12 – two days before he announced his retirement – Collins ordered his staff to get it done. That day, the agency finalized the five-year deal with VitaPro. The contract said that the agency would buy about $34 million of VitaPro through August 31, 2000, counting all that had been bought after July 25, 1995.[73]

At trial, the government sought to prove that Collins abandoned his duties to the state – in favor of his own interest – based on the second contract's terms. It represented that the contract was favorable to VitaPro but harmful to the state. This is untrue. Like the first contract, the second gave the state the option to renew based on VitaPro's performance or the state's satisfaction and the right to cancel if the legislature did not give the agency the funds. The second contract had the additional protection that the state could cancel "for cause."[74] The contract defined "for cause" as interfering with the prisons' operations. Both Kyle and Barry testified that it was Collins who insisted on this provision.[75] Barry's lawyers tried to remove that language from the contract, but Collins would not budge.[76]

The second contract was also different because it added the burger-style mix to the agency's order. The mix was critical to the agency's sales to other prisons.[77] The

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[71]Barry, dkt. 216, tr. at 125.

[72]Barry, dkt. 217, tr. at 5–6.

[73]Ex. 5a.

[74]*Compare* ex. 3a *with* 5a.

[75]Barry, dkt. 216, tr. 110; Kyle, dkt. 220, at 142, 160–161.

[76]Barry, dkt. 216, tr. at 109–110.

[77]Ex. 44.

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agency would also pay a lower price on the beef- and chicken-flavored product if it bought the mix.[78]

VitaPro designed a special container so that Correctional Industries could distribute the product with more ease. In addition, at the food-service director's request, VitaPro changed the formulation of the product so that lactose-intolerant prisoners could consume it.[79]

Under the second contract, the state was obliged to buy a minimum of 2,340 metric tons over the five years at a cost of $17 million, or about $3 million each year. This was about what the first contract anticipated and amounted to roughly 3% of the food-service budget in 1995.[80] Subject, of course, to its option to quit the deal each year.

11. *Involvement.*

William McCray, David McNutt, Caldwell Prejean, and Larry Kyle signed the decision memorandum dated September 12th. This was the document that gave the agency the authority to enter into the new deal. McCray – not Collins – approved the contract.

At trial, the government made much of the fact that Collins's name at the top of the memorandum had been covered up, as if Collins was hiding his involvement in the deal.[81] With Collins's name gone, McCray's name was at the top of the list of decision makers, showing that he approved the deal.

David McNutt testified that it was McCray's assistant who deleted Collins's name – not Collins's assistant and not Collins.[82] Collins was not in the office when the deal was signed. McCray's assistant erased Collins's name to reflect that McCray was the highest ranking officer who approved the memorandum.

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[78]Ex. 5.

[79]Collins, dkt. 215, tr. at 36.

[80]Depo. of David McNutt, dkt. 220, tr. at 60.

[81]*See, e.g.*, Prejean, tr. at 74.

[82]McNutt, dkt. 220, tr. at 53.

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In addition, when Collins became executive director, he delegated his authority to bind the state to McCray.[83] Even if Collins had wanted to sign the contract, he could not have done so. McCray alone had the authority. Collins only approved requests to enter into contracts; he did not sign the contracts themselves.

The government also made much of the fact that the agency finalized the deal only when Collins returned from Montreal but before he announced his resignation. It depicted Collins as vehement about getting the deal done that day.[84] Under Collins's orders, Kyle directed Crimm to walk from office to office, getting the decision makers' signatures on the contract that day – something that had never happened in the agency before.[85] Prejean and Kyle each testified that they had never known Collins to be so involved in a food contract.[86]

Prejean and Kyle had also never known Collins when he was about to retire. By the time Collins returned from Montreal, the deal had been virtually untouched for six weeks. More problematic, the 1996 fiscal year had begun two weeks earlier. The contract should have been completed well before then. The agency did not now have the luxury of taking its "own sweet time" to finalize the second deal as it had the first.[87]

That Collins was enthusiastic about VitaPro was no secret. From the start, he eagerly discussed VitaPro with board members and told them what a good deal it would be for the agency.[88] In addition, Collins was directly accountable to the board for the budget, and he faced constant budgetary pressures.[89] He had apparently found a product that would help.

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[83]Collins, dkt. 215, tr. at 83.

[84]*See, e.g.*, Kyle, tr. at 148–149.

[85]Crimm, dkt. 276, tr. at 20.

[86]Prejean, tr. at 76; Kyle, tr. at 133–134, 151; *see also* Thomas, tr. at 90–92.

[87]Crimm, tr. at 20.

[88]Polunsky, tr. at 136–137.

[89]Scott, tr. at 29.

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Some staff members said that Collins was unusually involved in the VitaPro contract and strongly advocated its use in the prisons.[90] Wayne Scott, however, testified that it was not unusual for Collins – or even Scott as executive director – to work directly with the staff on projects in which they were especially interested.[91] Scott described Collins was as a "hands-on" manager: whenever Collins got involved in a project, he "made a point" of doing it successfully.[92] It was reasonable, therefore, that Collins would have wanted to finalize a deal that he had worked on for the entirety of his tenure as executive director. After all, he was, in the words of Allen Polunksy, "the finest criminal justice administrator in the United States."[93]

12. *Certified Technology Consultants.*

A. *Incorporation.*

Graham resurfaced again to "help" Collins form his post-retirement plans. Graham knew that when Collins retired he was going to be a consultant. Collins would consult only on projects outside of Texas to avoid ethical conflicts.[94]

Collins would not be on the payroll of companies for whom he worked. Graham suggested that Collins let Graham's daughter – Lori Lero – establish a corporation on Collins's behalf through which Collins could receive payment for his consulting work. Lero would run it out of her office, prepare and file its tax returns, keep track of the records, and pay Collins's salary through it. If Collins hired other consultants, they, too, would be paid through the company.

Transactions that occurred through the corporation's bank account formed the foundation of the government's case.

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[90]*See, e.g.*, Thomas, dkt. 220, tr. at 90–92.

[91]Scott, tr. at 32.

[92]*Id.* at 33.

[93]Clay Robison, *State criminal justice director leaving; 23-year veteran has private business offer*, HOUSTON CHRON., at A-33 (Sept. 15, 1995).

[94]Collins, dkt. 216, tr. at 4; Barry, dkt. 216, tr. at 124–125; Revell, dkt. 279, tr. at 13–14.

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On November 13, 1995 – while Collins was still with the Texas agency – Lero incorporated the company. The company was called Certified Technology Consultants.[95] Lero was the registered agent.[96] Collins's name appears nowhere in the articles of incorporation. On November 22, Lero applied for an employer identification number so that the corporation could open a bank account.[97] On the application, she listed herself as the president of the company and its principal officer.[98] Collins's name appears nowhere on the application. The next day, Lero opened the bank account; hers was the only authorized signature. Around that time, Graham's *wife* opened a post office box for Collins.[99]

- Graham swore that, before Certified Technology was formed, Collins went to see Lero to tell her what he wanted.[100] Graham said that he was there, too.[101] He says that, after that meeting, Lero incorporated the company.

- Later, however, Graham swore that Collins did not go with him to see Lero. He went alone.[102]

- Minutes later, the story changed again: Collins called Lero, and she formed the corporation only after talking to Collins.[103]

This information addresses Collins's knowledge about when he knew the corporation was operating.

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[95]Ex. 63.

[96]Ex. 62.

[97]Lero, dkt. 278, tr. at 11.

[98]Ex. 63.

[99]Ex. 61.

[100]Graham, dkt. 178, tr. at 27.

[101]*Id.* at 28.

[102]Graham, dkt. 214, tr. at 28.

[103]*Id.* at 30.

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Collins and Lero had a meeting on December 7. Lero swore that this was the first corporate meeting. Lero furnished the court with undated notes that she says that she took during the meeting. There, Collins asked her to prepare invoices for his work in Louisiana for Viewpoint. That day, Lero added Collins to the bank account as an authorized person. Collins asked her to maintain his books and his checkbook for him.[104] After that meeting, Certified Technology could do business. Lero acknowledged this at trial.[105]

Lero did a lousy job. She kept no payroll or corporate records and no minutes. She filed no tax return for the company and relied only on bank statements for bookkeeping.[106] The corporation went out of business because "it" did not pay its franchise tax.[107] In other words, Lero did not pay the tax.

B. *Mail.*

Graham said that Collins asked for Graham's help in getting a post office box in Kingwood since Collins would be moving there shortly.[108] Collins says that he never asked for Graham's help.[109] He testified, in fact, that he never received a key to the box and did not learn of its existence until discovery in this case began. Graham never disputed this.

Graham's wife opened the post office box in late November.[110] Collins, however, did not buy his home in Kingwood until mid-December.[111] Graham did not explain: (a) why Collins needed a mailbox in a neighborhood that was about 65 miles from where he

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[104]Ex. 64; Ex. 68.

[105]Lero, dkt. 278, tr. at 13.

[106]*Id.* at 19–20.

[107]*Id.* at 20.

[108]Graham, dkt. 178, tr. at 29.

[109]Collins, dkt. 215, tr. at 59.

[110]Ex. 61.

[111]Ex. 76.

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was currently living – and receiving mail – at the time that Graham's wife opened the post office box; (b) why, if Collins was going to live in Kingwood, he could not get is mail at home; or (c) why he did not tell Collins about the box.

Graham was also not able to explain why, on the application, he is listed as an officer of Certified Technology.[112] He was not a stockholder, officer, or employee of the corporation.[113] Graham said that he gave his wife the address of the home that Collins was going to buy as the address that she needed to put on the application.[114] He could not explain why the one on the application is the home of *Graham* and his wife.

C. *Invoices.*

Lero testified that she prepared three invoices for the corporation. These were: an invoice dated November 21 for $10,000 to VitaPro; an invoice dated December 15 for $1,600 to Safeguards Technology; and an invoice dated January 10 for $20,000 to VitaPro.[115] Later, she insisted – under oath – that she prepared only the January invoice.[116]

Lero said that she did not remember if Collins told her basic information, like to whom to send the invoices or for what amount to make them.[117] At trial, she said that she knew only that the invoices were for services in other states, not that they were for future services. This directly contradicts her grand-jury testimony in which she said that the invoices were for services "*to be rendered* in Louisiana." (emphasis added)[118]

It is interesting to note that Lero prepared an invoice in November, even though – as she conceded – Certified Technology could not do business in the state since it had

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[112]Graham, dkt. 214, tr. at 29–30; Graham, dkt. 179, tr. at 14.

[113]Graham, dkt. 214, tr. at 29–30.

[114]*Id.* at 28.

[115]Lero, dkt. 278, at 31–32; Exs. 65, 66, 59.

[116]Lero, dkt. 278, at 37, 38.

[117]*Id.* at 38.

[118]*Id.* at 39.

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not had a corporate meeting. Lero was adamant that Collins directed her to prepare all three invoices.[119] Collins disagrees with this. He says that he instructed her to prepare only the January invoice.

Graham, however, testified that it was he who instructed Lero to prepare the invoices.[120] Graham said that he told his daughter – on behalf of Collins – to prepare one invoice in November to VitaPro for $10,000 and one in December for $10,000 also to VitaPro.[121] He then said that Barry told him that he wanted an invoice for $20,000 prepared for January 1996 so that no evidence of his improper dealings with Collins would exist.[122] He said that Barry told him to tell Lero to destroy the old invoices.[123] Graham said that his daughter prepared the January invoice but destroyed none of the old ones.[124]

Despite his saying that he remembered the invoices, Graham never actually *saw* the invoices.[125] He said that agents showed him two of them during his debriefing and that he remembered talking about the January invoice with an agent.[126] He swore that there was a second invoice for $10,000 in the fall because of the wire transfers on December 7th and 8th. He said that he knew that "that is the case now."[127] That is, he knew nothing, but having been shown the wire transfers, he made up a story for them.

The government's exhibits contradict Graham's version of the facts, and Graham's testimony contradicts his daughter's. The record shows three invoices: one in November

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[119]Lero, Tr. at 16–17, 36.

[120]Graham, dkt. 178, tr. at 30.

[121]Graham, dbt. 179, tr. at 36-37.

[122]*Id.* at 32, 34.

[123]*Id.* at 32-33.

[124]*Id.* at 33.

[125]Graham, dkt. 178, tr. at 31; Graham dkt. 179, at 36.

[126]*Id.*

[127]*Id.* at 37.

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for $10,000 to VitaPro, one in December for $1,600 to Safeguard Technology, and one in January for $20,000 to VitaPro.[128] Graham, however, said that his daughter prepared November, December, and January invoices for VitaPro and that she destroyed none of them. If it existed, the December invoice should have been produced. There is no third VitaPro invoice.

Collins testified that he did not learn that the corporation was operating until he received a telephone call from Barry's bookkeeper on January 6.[129] VitaPro had received the November invoice that Lero had prepared. On December 7, it directed its bank to wire $10,000 to Certified Technology's bank account to pay it. Barry and Collins had actually intended that the wire be Collins's advance. On December 8, the bank sent another $10,000 to Certified Technology's account by mistake.

VitaPro audits its books at the end of each year. Invoices received must match payments made. Because of the bank's error, the auditors could not complete their review.[130] This was when Barry's bookkeeper called Collins. In addition to learning that the corporation had been operating, Collins learned that an extra $10,000 was in his account.

Barry needed to close his books for the year. He looked at Collins's schedule for January and saw that Collins would work fourteen or fifteen days that month. That amounted to $14,000 to $15,000 plus expenses. Barry asked Collins to send him an invoice for $20,000 for January. The auditors would record $10,000 as his advance in December 1995 and $10,000 as an expenditure for the work that Collins would do in January.[131] At trial, Collins testified that the invoice would reflect services that he would perform in January and February.[132] An invoice for services to be performed is an

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[128]Exs. 59, 65, 66.

[129]Collins, dkt. 215, tr. at 54; Barry, dkt. 217, tr. at 6.

[130]Barry, dkt. 217, tr. at 6.

[131]Barry, dkt. 217, tr. at 8.

[132]Collins, dkt. 215, tr. at 59.

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advance. It speaks only to VitaPro's balancing its accounts. It says nothing about an illegal purpose or intent in sending or receiving money.

Collins directed Lero to send the January invoice to correct her earlier work.[133] He had no idea that Lero had sent the November invoice at her father's behest.

13. *Bank.*

A. *Deposits.*

The only deposits into Certified Technology's bank account were the two $10,000 transfers from VitaPro's bank and a check from Safeguards Technology for $1,600.[134] These happened in December.

It took VitaPro's bank five weeks to investigate the second transfer. In early March, the bank wrote Barry an apology for its error.[135]

Graham testified that Barry wired $10,000 in late November and $10,000 in early December.[136] The record contradicts him.

B. *Withdrawals.*

On December 11, Lero paid herself $1,500.[137] This was for her incorporating the company and agreeing to keep its records. Certified Technology – if it still existed – would deserve a refund.

Lero next wrote a check to her dad for $1,600 to reimburse him for "expenses."[138] Lero did not articulate the nature of these expenses.[139] She never asked her father for

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[133]Collins, dkt. 215, tr. at 57.

[134]Ex. 70.

[135]Ex. 73, Letter dated Mar. 1, 1996.

[136]Graham, dkt. 178, tr. at 32.

[137]Ex. 70.

[138]*Id.*

[139]Lero, Tr. at 33-34.

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support; she "didn't ask any questions."[140] She said that she had no idea what services her dad had performed for the corporation.[141]

On cross-examination, Graham first said that he and Collins cashed Safeguard Technology's check so that they could take the money to Louisiana to bribe a prison official.[142] Later, Graham said that the $1,600 came to him for work that he had done for Safeguard.[143] Graham was not an employee or officer of Certified Technology Consultants. It is curious why his daughter was using Collins's company to pay him.

Collins received no money from the account until *January* 1996.[144] On January 2, he wrote a check to Guaranty Federal Bank for $6,000.[145] He wrote another check to Guaranty on January 26 for the same amount.[146] On January 31, Collins wrote a check to American Express for $6,000.[147] This covered traveling expenses that he had incurred while consulting for VitaPro.

On direct, Graham said that he knew that Collins had access to the account in 1995 because Collins had "told" him that he paid his American Express bill after the wire on December 8th.[148] Once again, Graham's testimony contradicts the record. The record shows that Collins took no money out of the account until January 1996, when he had stopped working for the agency. This includes payments to American Express.

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[140]*Id.* at 33.

[141]*Id.*

[142]Ex. 70; Graham, dkt. 179, tr. at 20.

[143]Graham, dkt. 179, tr. at 34.

[144]Lero, Tr. at 48; exs. 69, 70.

[145]Ex. 71.

[146]*Id.*

[147]Ex. 72.

[148]Graham, dkt. 178, tr. at 30-31.

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14. *Rescission.*

Patrick Graham was arrested in January 1996 for stealing $150,000. Police found a VitaPro card on him.[149] Graham had been selling the product in Louisiana – apparently legitimately. The media publicized the arrest and the VitaPro card. Scott called Barry to tell him that the agency was going to cancel the contract.[150]

Before Graham's arrest, the agency had already received complaints about the prisons' use of VitaPro. These complaints came mostly from the beef industry. The industry was depressed and was displeased with the agency's use and vocal public endorsement of the competing product.[151]

The state owed VitaPro about $500,000 for product that the agency had consumed. Barry wanted his money, and he wanted the state to honor its agreement. Barry sued and prevailed on appeal. The state moved for a rehearing. Around this time, Polunsky called Barry and told him, "Drop the civil case, or your troubles are going to start."[152] The government indicted Collins and Barry two weeks later.

15. *End.*

Collins stopped using the corporation when Graham was arrested. This avoided Graham, but Collins continued to work with Barry. Instead of using Certified Technology, he directly invoiced Barry for his work, and Barry sent him a check. By March, the publicity about VitaPro was so bad that Barry lost most of his accounts with prisons. He, therefore, terminated his relationship with Collins.[153]

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[149]Ex. 58.

[150]Barry, dkt. 217, tr. at 16.

[151]Polunsky, dkt. 275, tr. at 126–127; Thomas, dkt. 220, tr. at 122.

[152]Barry, dkt. 217, tr. at 19.

[153]Collins, dkt. 215, tr. at 60.

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16. *Graham.*

Patrick Graham is a thief and a tax evader. He was the government's key witness in this case.

In May 1995, this court signed a $35,000,000 civil-fraud judgment against Graham.[154] He had raised funds from various institutional investors to build prisons in Texas. These would be for-profit prisons. They were speculative: no contracts were in place for their use. The prisons did not meet Texas standards for prison construction and could not be sold. Graham, therefore, defaulted on interest payments to the bondholders, and the investors sued. Graham got $2,000,000 from the deal. He failed to pay taxes totaling $700,000. He would later be convicted for this, too.

In January 1996, Graham was arrested for stealing $150,000 from a Texas inmate's wife. Graham had told her that he was an official at the prison, that Collins was corrupt, and that Graham and he would take bribes in exchange for helping her husband escape. He also said that other officials, like Wayne Scott, were in on the plan. Graham knew that these were lies.[155] He was later convicted of first-degree theft and sentenced to ten years in prison.

17. *Deal.*

Graham did not want to stay in Texas custody for his criminal conviction; he said that he "was not real pleased with it."[156] Graham contacted the United States Attorney for the Eastern District of Louisiana to make a deal. He offered to tell the government about his crimes and those of others in exchange for (a) custody in a federal prison in Louisiana and (b) immunity from prosecution for federal crimes involving Louisiana public officials in that state. Ultimately, Graham wanted to get into the witness

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[154]*Apex Municipal Fund, Inc., et al. v. N-Group Securities, Inc., et al.,* Civil Action H-92-546.

[155]Graham, dkt. 179, tr. at 51.

[156]*See, e.g.*, Mary Lee Grant, *Informant says he didn't steal FBI money nor was he given special treatment in prison*, Associated Press (Sept. 20, 2000).

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protection program.[157] At the time of trial, Jim Letten was working on that for him.[158] Then, Letten was the First Assistant United States Attorney for the Eastern District of Louisiana. He is now the United States Attorney for that district.

Agents came from everywhere to talk to Graham. Some wanted to talk about Safeguard Technology, some wanted to talk about VitaPro, and some wanted to talk about other transactions. Graham changed his story to fit their needs.[159] For example, during Graham's first debriefing in June 1996, he told agents that Certified Technology was established primarily for doing business with Safeguard Technology.[160] He later told the grand jury in this case that the corporation's primary purpose was doing business with VitaPro.[161]

Graham's assistance to the government seems to have benefitted him. The court learned that Graham spent less than three months in a Texas prison for his Texas conviction; he was taken to federal prison in Louisiana to serve his time there. In addition, by the time of the trial in this court, the government had placed no lien on Graham's house for his failure to pay over a $1,000,000 in taxes and penalties.

In this district, Letten arranged for Graham to be charged with only a *misdemeanor* for his tax evasion of nearly $1,000,000. The government asked that he receive only probation – no imprisonment.[162] Graham was sentenced to three months in prison. Letten has also not prosecuted Graham for his fraud involving one of Graham's companies, Evergreen Global Resources.

Last, from 1997 until at least the time of trial, Graham had received $1.2 million in loans from companies that he controlled. The companies had no officers, and their

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[157]Graham, dkt. 179, at 75.

[158]*Id.*

[159]*Id.* at 24–25.

[160]*Id.* at 24.

[161]*Id.* at 26-27.

[162]*United States v. Patrick Graham*, Criminal Action H-98-51, dkt. 33, Govt.'s Mot. for Down. Depart.; Patrick Graham's Sent. Memo., dkt. 42, at 2.

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only board member was Lutex Trust, a trust for which Lori Lero was the trustee. Graham signed no promissory notes, and he reported less than one-twelfth of it as income.[163] The government has done nothing in response.

The court learned that the government – Letten – had made an oral immunity deal with Graham; immunity deals are usually in writing. The court ordered the government to disclose fully the deals that it had struck with Graham.[164] While other agencies were forthcoming, Letten resisted. He wanted to keep his deal with Graham secret.[165] In December 1999, Letten told the prosecutor in Houston that he was not at all intervening in Graham's Texas state prosecution to ask the judge for leniency; he only told that judge about Graham's cooperation solely for the purpose of informing him.[166] Letten rejected the idea that this was "any type of signal" that Graham should receive a reduced sentence. The facts are otherwise.

Three months after his letter to the prosecutor, Letten wrote the judge in that case and asked for a continuance of Graham's sentencing so that he could be present to tell the court how Graham had assisted the federal government. He did this out of his "legal and moral obligations *to Mr. Graham*."[167] (emphasis added) Letten wanted the judge to give Graham probation for his first-degree felony, but the judge gave Graham ten years in prison.[168] Ultimately, Graham received parole extraordinarily early from his prison sentence in Texas. The Federal Bureau of Investigation in New Orleans said that it did not help Graham with his release. Technically, it was correct. A retired F.B.I. agent from that division, however, *did* write a letter to the Texas parole board. Presumably, he acquired information on Graham through his professional, not personal, experience with him.

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[163]Lero, dkt. 278, tr. at 44–46; Graham, dkt. 214, tr. at 19-20.

[164]Dkt. 82.

[165]Graham, dkt. 179, tr. at 64.

[166]Govt.'s Resp., dkt. 88, Letter from Jim Letter, at para. 4.

[167]Dkt. 105.

[168]Graham, dkt. 214, tr. at 12.

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On the tax-fraud case in this court, Letten not only influenced the United States Attorney's recommendations, but he also wrote the judge in that case to affect Graham's sentence.[169] It is clear that Letten's efforts worked since the judge took into account Graham's "significant level of cooperation" to "the U.S. Attorney's offices in two districts."[170]

Despite his colleague's inability to shoot straight, the prosecutor in this case immediately disclosed to the court Letten's lack of candor and intervention with the Texas state court. When the court confronted Letten, he calmly said that his appearing in person in state court on behalf of Graham to ask for mercy was not a favor. Gary Cobe prosecuted this case. While the court has a view of the record that may differ from his, the court has no criticism of his work at all.

18. "Knowledge."

A. *Bribery.*

Graham testified: "I was told point blank that those payments were directly for the work that Andy had done in pushing through the multiple year contract for VitaPro."[171] Graham did not say what he personally knew, only what he had been told. He did not say if it was Barry who told him about the payments or government agents with whom he spent numerous debriefings.

He said that Barry was paying Collins "ten large" each month.[172] He testified that he knew that Barry wired one payment in November 1995 and the other in December 1995.[173] The record contradicts him.

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[169]*United States v. Patrick Graham*, Criminal Action H-98-51, dkt. 33; Sent. Tr., dkt. 46, tr. at 15–16, 20.

[170]Tr. at 20.

[171]Graham, dkt. 178, tr. at 22.

[172]*Id.* at 21.

[173]*Id.* at 32.

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Graham said that Barry paid Collins for pushing the contract through the agency in October, November, and December.[174] When reminded that the agency finalized the contract on September 12, 1995, Graham said that, well, Collins was babysitting the project those months.[175] When challenged on how a person babysits a project, Graham said that Collins was pressuring Janie Thomas to keep using VitaPro.

Despite her testimony that Collins pressured her to use VitaPro in the initial months of the prisons' use of it, Thomas never testified that Collins pressured her in the last months of his tenure. In addition, Scott said nothing about Collins's pressuring Thomas in October, November, or December. He, in fact, said that Collins had very little involvement with the agency after the board designated Scott in October.

B. *Meetings.*

Graham told the grand jury that Barry told him that he was bribing Collins at the first meeting.[176] At trial, Graham testified that, in one of his early meetings with Barry, Barry told him that he was bribing Collins.[177] He was sure that this did not happen at the first meeting.[178] Seconds later, he was sure that it was either the first or second meeting.[179] Later, he thought that it was after a conuple of meetings.[180]

In mid-June 1996, at his first meeting with federal agents, Graham said that he and Barry discussed the bribes at their first meeting.[181] At a meeting with agents in early

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[174]Graham, dkt. 178, tr. at 35.

[175]Graham, dkt. 179, at 44.

[176]*Id.* at 30.

[177]*Id.* at 29.

[178]Graham, dkt. 277, tr. at 9.

[179]*Id.*

[180]Graham, dkt. 179, at 29.

[181]Graham, dkt. 277, tr. at 9.

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August 1997, Graham said that he and Barry did not discuss the bribes until they started working together.[182]

During his deposition, however, Graham said that, at the first meeting, neither Collins nor Barry said anything illegal or improper; they only talked about the product and how it was made, transported, and stored.[183]

C. *Method.*

On direct, Graham said that Barry had told him that he was paying Collins in cash to avoid raising suspicions and that Collins was receiving a flat $10,000 each month.[184] He said that Barry had asked him for help in setting up a corporation for Collins so that VitaPro could treat those payments as a business expense, making them tax-deductible. In one of his debriefings, however, Graham said that he helped Collins set up the corporation for Collins's use once he retired from the agency.[185]

Graham also told agents that Barry was wiring money to Collins through an off-shore account.[186] Barry "made allusions" that he was doing this.[187] This supported Graham's contention that Barry "was fluent in wire transfers."[188] Graham said that he saw wire transfers from November and December.[189] After some pressing by defense counsel, Graham admitted that he was only speculating, that he *never* saw Barry give Collins cash, and that he *never* saw evidence of the transfers.

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[182]Graham, dkt. 277, tr. at 11.

[183]Graham, dkt. 277, tr. at 10–11.

[184]Graham, dkt. 178, tr. at 25, 21.

[185]Graham, dkt. 179, tr. at 10, 27.

[186]Graham, dkt. 277, at 12–13.

[187]Graham, dkt. 277, tr. at 12.

[188]*Id.* at 13.

[189]*Id.* at 14.

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In a mid-June 1997 debriefing, Graham told agents that the bribes came in the form of commissions on VitaPro sold in Texas.[190] Early on, Graham said that Collins received a four- to five-percent commission. Later, Graham said that Collins received six to seven percent. On cross examination, Graham said that this was not exactly what he had told agents. He said that he had told them that Collins received a $10,000 advance each month against commissions that he would receive.

In 1995, VitaPro sold more than $3,000,000 of product to the agency in 1995. Six percent of $3,000,000 is $180,000. Graham said that Barry took money out of his corporation and converted it to cash to send to Collins. Graham was not able to explain why the agents could not find evidence of these transactions.[191] What he did reveal is that "I wanted to blow up the amount or the more people. . . " to improve his position with prosecutors.[192]

D. *Others.*

Graham accused other agency officials of bribery. He said that Barry bribed Wayne Scott with cash and that Scott would get the cash when he visited Montreal. He also said that Barry was paying for Scott's travel to Canada.[193] At the time of trial, Scott had never been to Canada.

At the mid-June 1997 debriefing, Graham said that he "witnessed firsthand" that Collins and Scott were receiving "payments and perks and gratuities and favors and things like that."[194] When challenged, Graham said that he only saw Scott have a lavish meal in a restaurant, paid for by a company that did business with the agency. The

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[190]*Id.* at 15.

[191]*Id.* at 18.

[192]*Id.* at 19.

[193]Graham, dkt. 277, tr. at 20.

[194]*Id.*

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company was not VitaPro.[195] Graham later said that Scott never told him nor had he seen Scott taking bribes of any kind.[196]

Also at the mid-June debriefing, Graham said that Scott participated in pushing the contract through the agency and that Collins handpicked Scott as his successor.[197] He said that Collins wanted to stay at the agency long enough to make sure that Scott would continue the VitaPro contracts.[198] Graham even said that Graham participated in selecting Scott.[199] Graham could not explain why Scott cancelled the VitaPro contract as soon as he became the official executive director in January 1996.[200]

Graham also told agents that Barry was giving Larry Kyle money so that Kyle would force Janie Thomas to use VitaPro.[201] Graham could not explain why the government did not charge Kyle in this case. Graham also said that Charles Terrell – former chairman of the prison board – was taking bribes. He accused officials in the New York and Georgia prison systems of similar corruption.[202] He said all of these things – said them under oath – and more.

19. *Non-Weight.*

The rules require the court to examine Graham's testimony without weighing it. He is a perfect example of an evaluation that does not involve the traditional appraisal of a witness's credibility. If two people tell of having seen the same thing with stories that diverge in their particulars, a question of fact has been generated. If those stories are all

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[195]*Id.* at 23.

[196]Graham, dkt. 179, tr. at 3; dkt. 277, tr. at 22.

[197]*Id.* at 24-25.

[198]*Id.*

[199]Graham, dkt. 179, tr. at 4.

[200]*Id.* at 5-6.

[201]*Id.* at 6.

[202]*Id.* at 7–8.

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of the evidence, the witnesses' manner and character are a means for estimating whether one or the other is more likely to be telling the truth.

Graham's testimony can be analyzed two ways. First, his story – his facts – can be compared with the known objective data, like wire transfers and invoice dates. Second, his story on a specific point can be compared with what he has said about the same fact. Someone once said that law was what could be boldly asserted and plausibly maintained. It could be true for law, and it could be true for fact, but without the plausibility, neither works. Graham boldly asserts a large number of things, but none is plausible in the face of the known facts.

When a witness testifies that something happened differently from what perfectly clear, third-party documents show, no one weighs. When a witness testifies that something happened and then testifies that something mutually incompatible also happened, no one weighs. His two assertions cancel each other, leaving no evidence. When a witness testifies with serial, contradictory versions of the same datum, no one weighs. Graham cannot create a fact issue by taking opposite sides of the identical fact. Nothing in the record could conceivably supply a basis for accepting one version over another.

Traditionally, a witness's ability to have seen what he says he saw or to recollect it are elements of weighing. Graham's testimony – every version of it – and other evidence cohered on the point that he actually had no idea what happened in most of the events. He did not see or do anything inculpatory, with the exception of the volunteered confessions. He saw no invoice. He sent no letter. He carried no cash. He arranged no persuasion of junior officers. He attended no meeting where anything happened. In some cases, he admitted that he had fabricated the story to make himself look good. His dates and places and events are wrong. Stripped of the stuff he "felt" and invented, Graham simply knew nothing.

If Graham admitted his ignorance, he could not convince the United States Attorney in New Orleans to help him. His next scheme, therefore, was to defraud the federal prosecutor in New Orleans. It worked.

Graham did say that Collins and Barry told him that they were in a corrupt arrangement to unload millions of dollars of VitaPro on the state of Texas. He also said

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that Scott and others were part of it. According to Graham, these men were deeply engaged in this bribery when he came along. He testified to a number of details, none of them was corroborated by hard evidence, like the cash every month or the November and December invoices. He knew of no day, place, or person present at any meeting when Collins and Barry told him their secret. He then made even his assertion of their confessions vanish by admitting that he did not know but felt they were up to evil and that he had embellished it all to get the New Orleans prosecutor hooked.

He swore that they asked him to help, but he could not identify anything that he did to help. He had his daughter form a company for Collins and open a bank account. He had his wife open a post-office box for Collins's company with Graham's address as back-up and with Graham as a principal. He could not explain how a post-office box in Kingwood – to which Collins never had access – helped a plan that Graham swore involved either (a) offshore wire transfers or (b) cash payments. Interestingly, all of "Collin's" acts involve Graham and his family. Each act, if they are assumed to be the acts of Collins, have an explanation more consistent with innocence than guilt. Significantly, after Graham got Collins fired, everything that was done after mid-September was done by his public misrepresentations about the timing of Collins's work for the Louisiana project.

Collins's reliance on others for details may have served him well with the staff at the prison, but with Graham, he was used. When Graham was not testifying to his version *du jour* – rather *du minute* – of facts, he was testifying to meanings and conclusions. Graham's opinion about what the facts mean is not evidence. Graham's testimony "dissolve[d] every statement of fact into a declaration of purpose."[203]

This is different from saying that Graham is not credible. On a motion for acquittal, this court may not evaluate witnesses' believability.[204] Graham's testimony is not useless because of his multifaceted character flaws, his perjury, or his having sold his testimony to the government. It is useless because it is has no foundation: Graham knew nothing. He saw, heard, and did nothing – at least nothing he did not see and hear

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[203]Hannah Arendt, *The Origins of Totalitarianism*, 385 (1973).

[204]Wright, Fed. Practice and Procedure: Criminal 3d § 467 (2000).

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differently from moment to moment. His testimony was devoid of detail from which to draw reasonable inferences that favor the verdict.[205] When he did give details, he contradicted his other testimony – even his testimony from seconds earlier.

Graham has no idea what Collins did in the prison – legally or illegally – to push the contract. Graham did nothing to push it. Graham only swore that he "felt" that he knew that Collins was acting illegally. His interpretation is not evidence; suppositions are not facts. Graham could not say when Barry told him about the bribery. He could not even estimate how many times he had met with Barry. He gave contradictory accounts on how the supposed bribery occurred – whether by cash or through an off-shore account, wires, or commissions. He contradicted himself on how much Barry supposedly had paid or was to pay Collins. When the record did not support any one of his many theories of payment, he could not explain.

Graham gave conflicting reasons for how and why the corporation was formed. He, however, prepared no invoices, filed nothing with the state, and never saw a corporate book. His only involvement with Certified Technology was his receipt of money from it when he was not entitled to it.

For these reasons, the court disregards Graham's testimony completely. More correctly, the court has carefully regarded Graham's testimony: "There is no there, there."[206] Without its ephemera, the record has no evidence of a connection between the agency's use of VitaPro and the five-year contract and the one purposeful wire transfer. There is no reasonable basis to let the convictions remain.

20. *Bribery.*

On the bribery counts, the government must have proved beyond a reasonable doubt that Collins corruptly accepted something of value from Barry for Collins's getting VitaPro into Texas prisons.[207] It must have proved that Barry corruptly solicited

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[205]*United States v. John Pennington, et al.*, 20 F.3d 593, 597 (5th Cir. 1994); *United States v. Robertson*, 110 F.3d 1113, 1117 (5th Cir. 1997).

[206]Gertrude Stein, *Everybody's Autobiography* 289 (1937) .

[207]18 U.S.C. § 666(a)(1)(B).

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Collins.[208] The value of the VitaPro contract must have exceeded $5,000. It did. In addition, the agency must receive more than $10,000 a year in federal funds. It does. [209] The government does not have to prove that the bribes affected programs covered by those federal funds.[210]

The critical issue is whether Collins took payment in exchange for pushing the contract within the agency.[211] Barry must have paid him corruptly, and Collins must have received the payment corruptly. "Corrupt" means tainted, immoral, or wrong.[212] The government may prove its case through circumstantial and direct evidence. Here, the government did not prove beyond a reasonable doubt the existence of a corrupt agreement between Collins and Barry, and the bribery counts – counts two through five of the indictment – will be dismissed.

A. *Testimony.*

With the exception of Graham, Lero, and an expert, the entirety of the government's witnesses came from the agency. They said only that Collins wanted the prisons to use VitaPro frequently and that he was extremely involved with the agency's contract with the company. None objected to VitaPro's use. The initial approval of VitaPro, in fact, was by others who went to Montreal without Collins. None testified about an agreement between Collins and Barry; of the witnesses who were asked, none knew about an agreement or payment. Without an agreement, the government cannot prove that bribery occurred.

The only witness claiming to have direct knowledge of an agreement between Collins and Barry was Graham, who felt that there must have been a deal. He was projecting his venality on them. The court is left, therefore, with a series of witnesses

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[208]18 U.S.C. § 666(a)(2).

[209]18 U.S.C. § 666(b); Exs. 28, 29, 30.

[210]*Mario Salinas v. United States*, 522 U.S. 52 (1997).

[211]*United States v. Tomblin*, 46 F.3d 1369, 1379 (5th Cir. 1995).

[212]*Arthur Andersen, L.L.P. v. United States*, 125 S.Ct. 2129, 2136 (2005); WEBSTER'S DICTIONARY 294 (9th ed. 1983).

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who, in the aggregate, spoke at worst of Collins's enthusiasm for VitaPro. Absent more, their testimony is not enough to sustain the convictions.

B. *Transfers.*

Counts two and four are based on the wire transfer that occurred on December 7. This was the transfer that Barry authorized and that Collins expected. Their view of it is – unsurprisingly – different than the government's. According to Collins and Barry, the transfer of $10,000 was Collins's advance for consulting work that he would begin in January 1996. In addition, Barry thought that Collins's last day with the agency was on November 30; a transfer a week later would have been in the clear. Barry did not know that Collins had moved his last day to the end of December; there is no evidence that he did.

In addition, the agency began its use of VitaPro in November 1994. It finalized the five-year contract in September 1995. Collins retired at the end of 1995. If Barry had wanted to bribe Collins, he would have done so while Collins was in a position to influence the agency – not when he was a lame duck. The government does not surmount this hurdle. It offered Graham's testimony that Collins's was "babysitting" the project, but as the court learned, Graham had no idea what he meant when he said that.

Counts three and five are based on the wire transfer on December 8th. The government says that this was the second installment of the bribe. The bank, however, transferred the money in error. Since Barry did not authorize the transfer, he could have had no intent to bribe Collins, and Collins had no intent to accept the money. Counts three and five are dismissed for the additional reason that a foundational element of bribery – intent – did not exist. No bribery could have occurred.

When the bank completed its audit in early *March*, Barry told it to let the transfer stand because he owed Collins money for his work. The government says that this was still bribery. It is wrong because:

- Collins had done work for VitaPro after he left the state job.
- By this time, the Texas agency had rescinded the VitaPro contract and was involved in litigation with Barry. The bribery statute contemplates a reward; rescission of a contract and litigation are not rewards.

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- Collins was no longer with the agency. The bribery payment must be to an official; Collins was a private consultant.

C. *Theories.*

Collins agrees that he advocated the use of VitaPro in the prisons. Collins and Barry agree that Barry paid Collins $10,000 in December. They do not dispute that Collins went to work for VitaPro after he retired from the agency. They view these events as unconnected. The evidence supports them. But for Graham's project in Louisiana, Collins would not have lost his job. But for Graham's contradictory testimony, the defendants never would have been indicted and convicted.

The defendants have offered a plausible account of their innocence. Their theory is comparable – if not superior – to the government's theory of guilt. The government, therefore, has not proved its case beyond a reasonable doubt, and the court must reverse the convictions.[213]

21. *Money Laundering.*

The government must have proved beyond a reasonable doubt that Collins and Barry engaged in the wire transfers with the intent to conceal the nature of the proceeds of specified unlawful activity – the bribery.[214] The government says that the funds transferred on December 7th and 8th were laundered money. It is wrong.

Even if the evidence established that the men engaged in bribery, it cannot establish that they laundered money. Money laundering is separate from the specified unlawful activity. It occurs only after the crime from which the funds were obtained is complete.[215] Under the government's theory, the transfers are the proceeds of the bribes and were designed to conceal those same bribes. This is impossible: the transfers *are* the bribery; they cannot be the laundered funds, too. Since there was no completed

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[213]*Pennington*, 20 F.3d at 597.

[214]18 U.S.C. § 1956(a)(1)(B)(i).

[215]*United States v. Kennedy*, 64 F.3d 1465, 1477 (10th Cir. 1995); *United States v. LaBrunerie*, 914 F. Supp. 340 (W.D. Mo. 1995).

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offense before the transfers were made, there were no proceeds to clean. Counts six and seven are, therefore, dismissed.

They are also dismissed because the government did not prove that the specified unlawful activity underlying the laundering – the bribery – occurred.

Last, count seven is dismissed for the additional reason that the bank erred in making the transfer on December 8th. If Barry did not authorize the wire and Collins was not expecting it, the men had no intent to launder money.

22. *Conspiracy.*

The conspiracy count of the indictment included all the crimes of which Collins and Barry were charged – bribery, money laundering, and social-security fraud. The court entered an acquittal on the social-security count during trial, leaving only the bribery and money-laundering counts.

The evidence supports no reasonable inference that the defendants conspired to commit bribery and launder money. They did a few things in parallel but nothing in exchange for official acts. The court, therefore, acquits them of their conspiracy conviction, too.

23. *New Trial.*

If the acquittal does not subsist, this court will give the defendants a new trial.[216] The defendants' motion for a new trial is timely for the reasons that their motion for acquittal is timely.

[216]Fed. R. Crim. P. 29(d).

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The evidence is contrary to the great weight of evidence.[217] A serious miscarriage of justice would result if the convictions remained.[218] This court vacates the convictions and gives the defendants a new trial because justice requires.[219]

A. *Credibility.*

Unlike a motion for acquittal, on a motion for a new trial, the court *may* weigh the evidence and evaluate witnesses' credibility.[220] With this latitude, then, the court finds that Graham was totally unbelievable. He is a felon, a thief, a cheat, and a liar. He perjured himself throughout his testimony. Graham told the government that he had information on Collins and Barry – when he clearly knew nothing – to improve his position. His testimony about the corporation and the invoices even contradicted that of his own daughter, with whom he claimed to have worked closely.

Daniel McNaulty, an investigator with the public integrity division of the Harris County District Attorney's Office, has investigated Graham three times.[221] McNaulty testified that Graham does not "tell the truth unless you can prove that he is telling the truth."[222] His reputation among those who know him best is "that he is a thief and that he is dishonest and that he is not truthful."[223] James Gray is a lawyer whose client had a business dispute with Graham. Gray investigated the nature of Graham's businesses;

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[217]*United States v. Huera-Orozco*, 272 F.3d 561, 567 (8th Cir. 2001).

[218]Wright, King & Klein, Federal Practice and Procedure: Criminal 3d § 553 (2004); *United States v. Lincoln*, 630 F.2d 1313, 1319 (8th Cir. 1980); *Robertson*, 110 F.3d at 1118.

[219]Fed. R. Crim. P. 33(a).

[220]*Robertson*, 110 F.3d at 1117.

[221]Depo. of Daniel McNaulty, dkt. 281, tr. at 61.

[222]*Id.* at 62.

[223]*Id.*

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he could find nothing legitimate about them.[224] He described Graham's reputation as "horrible" and that he "wouldn't believe anything he said."[225]

Graham's credibility casts the government's theory about the wire transfers into serious doubt. Without his testimony, there is no connection between the agency's five-year contract with VitaPro and the wire transfers to Collins. Graham knew nothing about a deal. He saw no invoices, until agents showed them to him. He knew nothing about wire transfers, until agents told him about them. He even lied about other Texas officials' involvement in the VitaPro contract.

Graham fabricated his knowledge to impress the government. He admitted, "I wanted to blow up the amount or the more people. . . ." Apparently, the government – or rather one United States Attorney – found him useful enough to give him substantial assistance in reducing his punishment for numerous crimes. One wonders if Graham's testimony in other trials was similarly perjurious and whether wrongful convictions also followed. One also wonders why the government has not indicted Graham for perjury in this case, but then again, he did strike a mysteriously good deal with Jim Letten.

Graham's defective character, crimes, and motivation in testifying against Collins and Barry make him totally unbelievable. In addition, his testimony was the only incriminating evidence that the government offered. He lied about what he knew; the government does not contest this. It says only that it is too late for the court to fix things. It is wrong.

The government knew or should have known that Graham was lying; his deceit was manifest. But for Graham's perjured testimony, it is unlikely that the jury would have convicted the defendants. Because his testimony was material to the conviction, the defendants will receive a new trial.[226]

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[224]Depo. of James Gray, dkt. 281, tr. at 70–71.

[225]*Id.*

[226]*United States v. Wallach*, 935 F.2d 445 (2d. Cir. 1991).

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B. *Confusion.*

In addition, irrelevant evidence confused the jury. This included transactions besides the December wire transfers, testimony about the social-security charge, Collins's post-retirement plans, and Graham's selling VitaPro.

1. *Transactions.*

The money-laundering counts of the indictment were based solely on the transfers of December 7th and 8th. The government, however, introduced evidence of other transactions.[227] These included checks and cash that Collins deposited into his personal checking account and checks that he wrote in the process of buying his home. The government's expert testified about deposits and withdrawals on the Certified Technology bank account that occurred from November 1995 to the end of June 1996 – way beyond the temporal scope of the charged transactions.

With the exception of the wire transfers, at no time did the government connect these transactions to the bribery or money-laundering counts. It simply hoped that the mention of them would impugn Collins and Barry in the eyes of the jury. Apparently, it did. The government, however, must do more than prove its case by suspicion and innuendo.

2. *Social Security.*

The government had charged Collins and Barry with social-security fraud because of a badge that Collins helped Barry obtain. The badge was regularly issued to vendors who did business with the prison so that they could enter the prison without going through security when they made deliveries. The number on the badge was the vendor's United States social-security number. Barry is Canadian; he does not have a United States social-security number.

Collins arranged for Barry to get a badge. The prison staff had no success using his Canadian number in the computer system. The staff, therefore, devised a number to enter into the system. It worked, and Barry got his badge – and ultimately an indictment for social-security fraud.

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[227]Ex. 76; Depo. of Ron Emmert, dkt. 278, at 49–64.

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Use of the fake number did not defraud the Social Security Commission; it was a way of circumventing the computer system. The worst that can be said of the agency's practice is that it was a potential security violation, not that it was illegal. The government presented no evidence to show that Barry represented that the number was issued to him by the Social Security Commission. The court, therefore, acquitted them of the count during trial.[228]

Jurors, however, considered evidence of the dismissed charge in their deliberations. They asked to see a transcript of the direct testimony of the two witnesses who testified about the charge.[229] They wanted to hear those witnesses' testimonies about the date when the agency made the badge for Barry.[230] The dismissed charge was no longer relevant as an independent charge or as a component of the conspiracy. Regardless, the juror notes to the court suggest that the jurors still deliberated on it.

3. *Post-Retirement.*

This trial was about whether Barry gave Collins money and Collins took it in exchange for the agency's five-year contract with VitaPro. Regardless, the government repeatedly talked about Collins's plans after he retired. For example, the government insinuated that Collins's participation in the Louisiana prison project as a conflict of interest.[231] The project, however, was only chronologically significant: it explained why and when Collins left the agency. It had absolutely no bearing on whether Barry and Collins engaged in bribery, money laundering, or conspiracy to commit those crimes.

It certainly did not help the defendants that the project involved Patrick Graham – something that no doubt impugned Collins in the eyes of the jury. Like the project itself, Graham's involvement was irrelevant.

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[228]Dkts. 180, 181.

[229]Dkt. 202, Juror Note 1.

[230]Dkt. 204, Juror Note 2.

[231]*See, e.g.,* Govt.'s Closing Argument, dkt. 282, at 26–27.

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The government also asked former F.B.I. agent Oliver Revell whether it was proper for Collins to work for VitaPro after he retired.[232] The government never argued that Collins's employment with the company was part of the value that he received in exchange for the agency's five-year VitaPro contract. Its discussion, therefore, was likewise impertinent to the charges.

4. *Graham & VitaPro.*

That police found a VitaPro card on Graham when he was arrested in January 1996 no doubt tainted Collins and Barry's defense. This fact, however, had nothing to do with bribery, money laundering, or conspiracy, nor did the government connect it to the crimes charged. Graham's possessing the card did nothing to show that they committed the crimes of which they were accused.

5. *Transcript.*

No substantially verbatim transcript of the trial exists. The defendants moved for post-verdict relief on the basis of what they received from the chief deputy clerk. From the tapes that he did have or were audible, the clerk found 798 errors in 941 pages of testimony that he was able to check.[233] He did not have back-up audio tapes for 356 pages of trial testimony. This error rate is substantial.

The defendants needed a reliable transcript to support their arguments about the sufficiency and weight of the evidence in their post-verdict motions. Despite the clerk's tireless efforts to reconstruct the transcript, by no fault of his own, flaws remain. Because this most fundamental component of the trial process was flawed, the defendants will receive a new trial.

The cumulative effect of Graham's perjury, the jury's confusion about the badge, the social-security count, and Collins's post-retirement plans, and Graham's taint was the defendants' convictions. In addition, the defendants had no reliable record of their trial with which to support their post-verdict papers. For these reasons, they conditionally will receive a new trial.

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[232]Revell, dkt. 279, at 23–26.

[233]Dkt. 291 at 5.

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24. *Conclusion.*

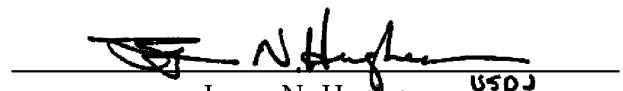
The government did not prove its case beyond a reasonable doubt. Its witnesses from the agency testified only that Collins strongly advocated VitaPro's use. None testified – or knew – about an illegal deal between the defendants. The only witness who said that he knew about a deal was Patrick Graham. Because he contradicted himself throughout his two days of testimony, his testimony cancels itself.

The court, therefore, has evidence only that : Collins really wanted his agency to use VitaPro; he went to work for VitaPro when he retired from the agency; Barry gave him an advance; and Barry let stand an erroneous transfer to Collins because, by the time that the bank confirmed the error, Barry owed Collins money. These events do not prove bribery, money laundering, or even conspiracy. Because the evidence is insufficient to support the men's convictions, Collins and Barry will be acquitted.

Contingently, the defendants will receive a new trial. Justice requires it. The only inculpatory evidence was the testimony of Patrick Graham – a fraud. He testified only to get the government's help in reducing his punishment for other crimes. Graham claimed knowledge that he did not have about facts that never existed.

Last, the government presented evidence that it did not tether to the charges. The evidence was irrelevant, but it sufficiently confused the jury, prejudiced the defendants, and likely contributed to their convictions.

Signed September 8, 2005, at Houston, Texas.



Lynn N. Hughes
United States District Judge

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Dateline

The Nation



Ontario's Harris shares laugh

Ontario Conservative leader Mike Harris shares a joke with a supporter in Beamsville. Their chat yesterday was perhaps the only event in the election campaign that wasn't downright nasty. PAGE A8

World

More babies for single women

The U.S. National Centre for Health Statistics says the birthrate for unmarried women has surged since 1980, with the rate for white women nearly doubling. PAGE A16

Sports

Changing blueprint for success

1995 STANLEY CUP

The Chicago Blackhawks have managed to thwart the Detroit Red Wings' blueprint for success in the Western Conference finals, but in Games 1 and 2 the Red Wings have rallied for victories nonetheless. PAGE D1

Seles to come back on July 29

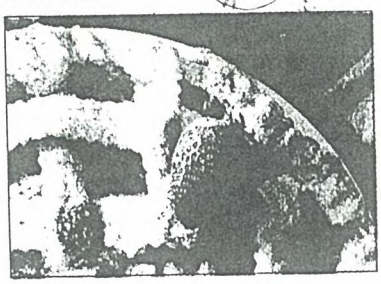
The long-awaited comeback of tennis star Monica Seles is set for July 29. The former No. 1 player, who was stabbed during a match, will face Martina Navratilova. PAGE D1

Show

Fireworks festival to fete film

This year's fireworks festival at La Ronde will pay tribute to 100 years of cinema, with countries choreographing their pyrotechnical displays to popular movie themes. PAGE C5

Food



Another look at rhubarb

Rhubarb has been maligned throughout history, perhaps because of its toxic leaves. The Romans said it came from "the river of the barbarians," and it once ended up in a U.S. court. PAGE C1

WEATHER

Partly Sunshine will give way to clouds this afternoon with a chance of a

G7 leaders to focus on jobles

DAVE TODD and ERIC BEAUCHESNE
SOUTHAM NEWS

■ Promises to reduce unemployment and stabilize currency markets will emerge from next week's summit in Halifax, a leaked document says.

OTTAWA – Leaders of the world's major industrial countries will promise an attack on global unemployment at their summit meeting in Halifax next week, says a leaked U.S. draft of the final communique.

The heads of the G7 countries – Canada, the United States, Japan, France, Germany, Britain and Italy – will also commit themselves to reducing budget deficits and trade imbalances and reforming global financial institutions to calm turbulent world currency markets.

The document obtained by Southam News also stresses that governments must take measures to sustain public and private pension plans and social programs. These suggestions are in keeping with the Liberal government's plan to reform social policy and its current study of the problems resulting from the aging of the population.

The economic communique is one of two – the other being the leaders' political statement – that will be released at the June 15-17 summit.

The documents, though subject to change pared in advance by G7 finance ministers a leaders' representatives – so-called sherpas – throughout the year to set the summit agend

While leaks of summit communiques are r al, the fact that it slipped out a full week Halifax gathering is a diplomatic embarra Prime Minister Jean Chrétien.

NDP MP Nelson Riis, who also obtained the document, said it raises questions abou for the meeting, which is costing Canadian $36 million. "You could have written this

PLEASE SEE **G7,** PAGE **A2**

Right on target



GORDON BECK, GAZETTE

It was a hot Tuesday evening in Côte des Neiges, and Jaqueline Benitez was thirsty. But the year-old girl needed a boost from her father, Jose, to reach the water fountain in Kent Park. When you're just a beginner, it's trial and error.

Three cyclists watch as woman drowns

Police furious that nobody tried to stop her or call them for help

KATHERINE WILTON
THE GAZETTE

Police were furious yesterday about the complacency of three cyclists who watched a fully clothed woman wade into the St. Lawrence River and disappear, but did nothing to help her.

One of the witnesses, who was relaxing on the riverbank, waited an hour before notifying police that the woman apparently had drowned in front of Pratt and Whitney Canada Inc. in Longueuil.

"They saw her leave her purse on the ledge and go into the water, but they did nothing to stop her and they didn't call the authorities to try to rescue her," fumed Pierre Robichaud of the Sûreté du Québec.

"They just sat and watched her die without lifting a finger to help her. What kind of society are we living in? It's unbelievable."

Robichaud said a male witness took the woman's purse to the Longueuil police station about 3:30 p.m. A couple who also watched the incident didn't bother telling authorities, Robichaud said.

"I guess he (the male witness) was a little bit brighter," said Robichaud, his voice dripping with sarcasm. "He came to the station and said the woman probably drowned. This is what you call not doing your civic duty."

The witness told police he thought it was strange that the woman went into the water fully clothed, said a Longueuil police constable who took the report.

"When I asked him why he didn't call police right away he said he never thought about it," said the constable, who didn't want his name published.

"He said the woman went into the water calmly and then he thought she was swimming behind a rock. I guess he didn't believe what was happening.

"When she didn't come back, he decided to come to the station."

Serbs fr 108 mo hostage

Unclear wh Canadians

TOM HUNDLEY
CHICAGO TRIBUNE

ZAGREB, Croatia Serbs released 108 of t Nations hostages early another 158 are still tained, dissolving hope end to the crisis that undermined the UN p mission here.

Yugoslav leader Slob sevic and his Bosnian terpart, Radovan Kar indicated that the hostages would eventu but no timetable was a

After hours of unex lays, a busload of 58 h cluding troops from Britain, France and S taken to Zvornik, a straddles the Drina Ri der between Bosnia goslavia.

There they were join ond bus carrying an a peacekeepers, accordi Bosnian Serb news ag The two buses crossed early this morning, ap route to Belgrade, th capital.

It was unclear whethe 13 Canadians being among the peacekeepe day.

Two senior Greek o fence Minister Gerasi and Foreign Minister poulias, acted as inte but it was Milosevic wh to take credit for the lease.

The Bosnian Serbs h bing hostages nearly tw in response to two strikes on ammunition Pale. Some of the ho shackled to military ta man shields against fu attacks.

Friday, at Milosevic's

PLEASE SEE **BOSNIA,** PAGE A

Tax man grabs drug-bought mall

Complexe la Source got attention it didn't want

Behemoth is born as Canadians give control of Labatt

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ging blueprint for success

The Chicago Blackhawks have managed to thwart the Detroit Red Wings' blueprint for success in the Western Conference finals, but in Games 1 and 2 the Red Wings have rallied for victories nonetheless. PAGE D1

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gh 28 ow 13 PAGE C8

For weather updates please call The Gazette **INFO-LINE** at 841-8600, code **6000**

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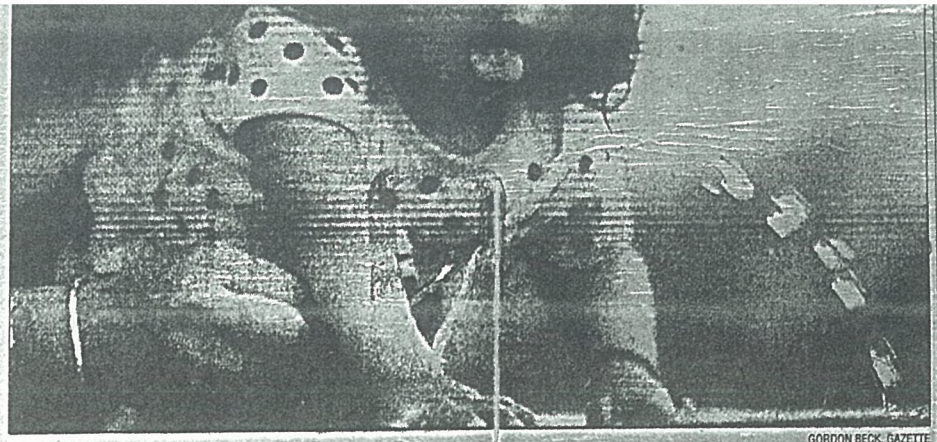
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s D18	Curran A3	Schnurmacher C4
	Editorials B2	Scoreboard D5
	Family Doctor C4	Show C5
	Ferrabee D9	Sports D1
	Food C1	Todd D1
	Horoscope E8	TV Listings C6
	Landers C4	What's On C8
	Legal Notices D17	Wonderword D17
12	Needletrade D17	World B1

TE

may lead to evil, tivity cannot lead

– Hannah More





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"When she didn't come back, he decided to come to the station."

Serbs released 108 of their United Nations hostages early today, but another 158 are still being detained, dissolving hopes for a quick end to the crisis that has severely undermined the UN peacekeeping mission here.

Yugoslav leader Slobodan Milosevic and his Bosnian Serb counterpart Radovan Karadzic both indicated that the rest of the hostages would eventually be freed, but no timetable was announced.

After hours of unexplained delays, a busload of 58 hostages – including troops from Ukraine, Britain, France and Spain – was taken to Zvornik, a town that straddles the Drina River, the border between Bosnia and Yugoslavia.

There they were joined by a second bus carrying an additional 50 peacekeepers, according to the Bosnian Serb news agency SRNA. The two buses crossed into Serbia early this morning, apparently en route to Belgrade, the Yugoslav capital.

It was unclear whether any of the 13 Canadians being held were among the peacekeepers freed today.

Two senior Greek officials, Defence Minister Gerasimos Arsenis and Foreign Minister Karolos Papoulias, acted as intermediaries but it was Milosevic who was quick to take credit for the hostages' release.

The Bosnian Serbs began grabbing hostages nearly two weeks ago in response to two NATO air strikes on ammunition dumps near Pale. Some of the hostages were shackled to military targets as human shields against future NATO attacks.

Friday, at Milosevic's urging, the

PLEASE SEE **BOSNIA**, PAGE A2

Tax man grabs drug-bought mall

Complexe la Source got attention it didn't want

WILLIAM MARSDEN and ROD MACDONELL
THE GAZETTE

■ The story shows how drug money drips into legitimate business, and how persistent drug investigators and the tax man can be.

The owners tagged it Complexe la Source: an exclusive Westmount shopping mall peddling health and beauty products, Asian massages, colon irrigation and exotic curatives. A mecca for the modern body beautiful and health nut.

When Herberto (Tico) Rodriguez and Sidney Lallouz bought the property at One Wood Ave. in 1993, they figured they had a sure-fire idea for attracting tenants and attention.

They succeeded. But the attention turned out to be far from what they wanted.

Among those who came looking at the property was the U.S. Drug Enforcement Administration, which had been on Rodriguez's trail for years. The DEA soon took steps to confiscate the mall because it was bought with drug money.

Then Revenue Canada showed up, charging Lallouz with owing the Canadian government $1.1 million in income tax, interest and penalties. It, too, moved to seize the mall.

Enter a third government agency, the Federal Business Development Bank. Embarrassed about publicity that its funds were intermingled with drug money in a real-estate venture, it demanded repayment of its $475,000 renovation mortgage loan.

Now the fallout has settled, and Complexe la Source is in the hands of Revenue Canada. Empty for six years, the 51,000-square-foot mall was just emerging as a popular health-care centre, with about half its space rented to natural-food stores, a holistic-medicine clinic and numerous small storefront beauty and alternative-medicine boutiques.

The tale of Complexe la Source shows how drug money drips into legitimate businesses, and how persistent drug investigators and the tax man can be.

It's the story of Sidney Lallouz, who conceived the idea for the "better-living centre," and his struggle with his tarnished past.

It's also the story of drug dealer Tico Rodriguez and the unusual transfer of about $1 million of his money from a Montreal law firm's trust account into a lawyer's personal account. Rodriguez has admitted this was drug money.

The Complexe la Source mall is situated below the high-security condominium complex called One Wood Ave. Home to some of Westmount's wealthiest citizens, the complex is just a step away from the exclusive stores of Westmount Square and Greene Ave.

"I have a person here who spent more than $100,000 just to renovate a bathroom," building manager Nicole Dorion said, describing her rich clientele.

The beige-and-white complex has two brick buildings of 22 and seven storeys containing 120 units. A circular driveway anchored by a guardhouse leads to a sweeping foy-

PLEASE SEE **LALLOUZ**, PAGE A11

■ **Few evade tax agents.** PAGE A11

Behemoth is born as Canadians give up control of Labatt

If beer is the defining element of Canadian life along with the Stanley Cup playoffs, then we've obviously surrendered our national birthright.

Not only are four *American* teams playing for Don Cherry's cherished cup, but our two national breweries are now controlled by foreign owners.



PETER HADEKEL

Yesterday, an agreement was reached to sell John Labatt Ltd., the parent company of Labatt Breweries of Canada, to Belgian-based Interbrew SA for the tidy sum of $2.7 billion, plus the assumption of another $1.3 billion in debt.

Two years ago, U.S. giant Miller Brewing Corp. purchased a 20-per cent ownership interest in Molson Breweries. Australia's Elders IXL Ltd. had already bought a 40-per cent stake. You can't tell the players without a program any more. Even before this latest deal, Labatt had gone global by purchasing a brewing operation in Italy and a share of another in Mexico. But, hey, Molson still brews Canadian and after Interbrew takeover Labatt, Blue will still be Blue. The latest deal won't change much in the way the Toronto-based

PLEASE SEE **DEAL**, PAGE A2

■ **Belgians buy John Labatt Ltd.** PAGE D8

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BEST AVAILABLE COPY

Lallouz gave up when Florida DEA agent came to testify

CONTINUED FROM PAGE A1

er connecting the two structures.

"Our residents do not enter without a guard opening the door for them," Dorion said. Drawing a picture of her extensive security, she added: "If a lady burns toast, we know what the problem is."

But the high security at the condo complex didn't keep drug trafficker Rodriguez out of the mall below.

His relationship with 46-year-old Montrealer Lallouz, his business partner in the health centre, began in the sunbaked, wealthy seaside resort of Marbella on the Spanish Riviera.

Rodriguez, 39, arrived in Marbella with his wife, Theresa, and their three children in 1991, after fleeing the United States in 1988. Rodriguez had quietly built up an extensive drug network importing marijuana from Jamaica and cocaine from Colombia. He smuggled his drugs into north Florida in luxury yachts. But the Drug Enforcement Administration targeted him in 1986 after British police investigating money-laundering and corruption in the Caribbean island of Anguilla found several bank accounts linked to Rodriguez but under the cartoon names of Minnie Mouse, Mickey Mouse and Goofy.

Fled to Switzerland

When police began arresting Rodriguez's partners in 1988, he fled to Switzerland with his money. Traced there, he escaped to Australia and Cuba before settling in Spain.

He called himself Roberto Julian Enriquez and claimed he was a casino consultant.

"We met them through schools of my children," Lallouz recalled in an interview. "Of course, we didn't know they were fugitives."

Lallouz had left Montreal in October 1991. His leaving was also a form of flight, he said. He claimed he was hounded out of the country by news reports about his drug-trafficking history and his business partnership with a city of Montreal real-estate agency, the Société de Développement Industriel de Montréal. After *The Gazette* revealed this partnership, Sodim bought Lallouz out of his share of a potential billion-dollar real-estate project, paying him $1.9 million.

Lallouz took the money and moved his family to Spain, where he rented a house in Marbella and invested in a fast-food concession at the Seville world's fair. He left behind more than $5.2 million in debts in Montreal, to the Canadian Imperial Bank of Commerce and the federal tax department. (The CIBC alleged in court documents he had fled to Spain to avoid repaying $5.1 million in loan guarantees held by several of his companies. Lallouz denied this, saying he has since reimbursed the CIBC, which had seized his million-dollar Montreal home at 1725 Cedar Ave. immediately after he moved to Spain.)

Lallouz and Rodriguez became close friends in Marbella. But, Lallouz said, neither men knew of the other's drug-trafficking background.

When Lallouz moved back to Canada in 1993, Rodriguez followed.

"I come back here and try to make my life again," Lallouz said. "This guy follows somehow, you know. We get a phone call. 'You know we're coming to Montreal.' 'Sure, you come and visit us'."

Rodriguez stayed with Lallouz during the summer of 1993. That fall, Rodriguez rented a large, red-brick home at 12 Maplewood Ave. in Outremont. The house was a [illegible] Lallouz's three children [illegible] didn't put a cent into the transaction. He said he agreed to give Lallouz a half-share because Lallouz knew Montreal's real-estate market and "Sidney was the person who brought me into the investment."

For Lallouz, it was like winning a lottery. He suddenly owned 50 per cent of an important central property without putting up a cent.

Rodriguez signed the purchase offer under the false name of Robert Enriquez, the name by which Lallouz said he knew him.

Bank records show that the drug money used to pay for the property was transferred from Spain to Geneva and then to Montreal.

On Aug. 9, 1993, Rodriguez wired $1.1 million from his Spanish bank to the Banque de l'Union European en Suisse. On Oct. 27, he wired $999,990 from the Swiss bank to the trust account of Lallouz's law firm, Péloquin Kattan, at the Canadian Imperial Bank of Commerce branch at 1155 René Lévesque Blvd. W. Lawyer Donald Kattan immediately transferred the money into a personal account under his name and bought a one-day term deposit in his own name at an annual interest of 3 per cent, or $82.19 a day. The term deposit was debited to Kattan at his home address of 56 Maplewood Ave. in Outremont.

The Quebec bar requires that lawyers deposit clients' money in a trust account unless the client gives written instructions to the contrary.

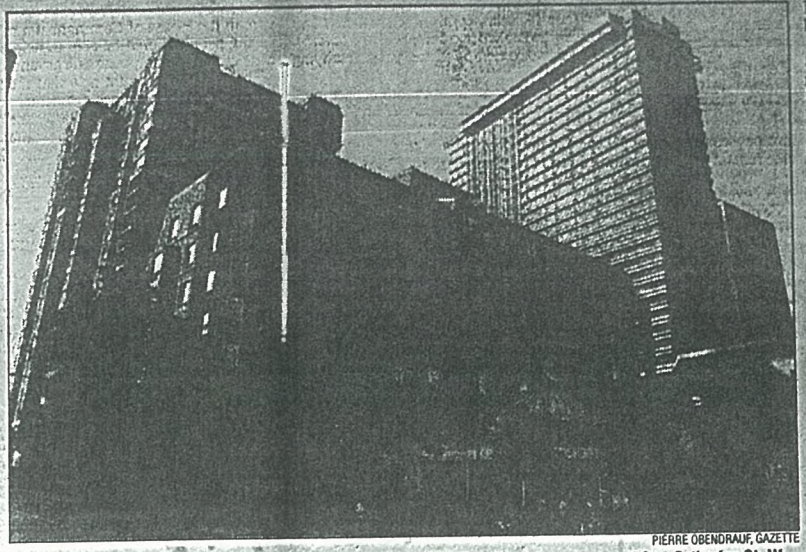
Kattan said in an interview that he had oral approval from Rodriguez to put the money in Kattan's personal account "because you can't buy in a trust account a certificate of deposit. It had to go into a personal name."

He added: "We wanted to get the interest for a couple of days before we dispensed it to the notaries, and you can't have it in the trust account."

Yet lawyers regularly purchase term deposits in trust accounts for the benefit of clients, and the Quebec bar has a special form for this contingency. The form requires the lawyer to reveal the client's name.

Questioned more on the banking procedures, Kattan refused to comment further, citing client confidentiality.

Two days after transferring the $999,990 into his personal account, on Oct. 29, Kattan instructed the CIBC to issue two drafts totalling $750,000 out of his personal account to the order of notary Stuart Millowitz as payment to Central Capital Corp. for the property at One Wood Ave.



PIERRE OBENDRAUF, GAZETTE

Complexe la Source mall is under condominium complex called One Wood Ave., corner of Ste. Catherine St. W.

And on Nov. 1, Kattan issued a cheque for $50,000, again out of his personal account, to the Royal Bank account of 3093-8013 Quebec Inc., the company set up by Rodriguez and Lallouz. (Kattan turned the balance of the $999,990 over to the U.S. government after Rodriguez's arrest, except a certain amount to cover costs.)

Kattan said he never questioned where Rodriguez, whom he met through Lallouz, got his money.

"Mr. Rodriguez was presented to me as an outstanding citizen who as a matter of fact went to church every Sunday and prayed every day with his kids, and he looked like a very honorable person," Kattan said. "He was a successful businessman, from what I understood, who had properties in Spain."

On Oct. 29, Rodriguez signed a memorandum of agreement to purchase the property and the partners began preparing to launch their development venture.

But partnership was short-lived. The U.S. Drug Enforcement Administration had learned through an informant that Rodriguez had moved to Montreal. It asked the Montreal Urban Community police to locate him.

On Nov. 17, 1993, he was arrested at his Outremont home.

"I was stunned," Lallouz said of his partner's arrest. Worried about possible headlines that he was in business with a drug dealer, he said, he immediately wanted to "walk away" from the deal. But two DEA agents asked him to stay in, to recoup Rodriguez's investment.

Rodriguez had agreed to sign all his assets over to the U.S. government, but the $750,000 he spent on buying the mall was in the hands of the mortgage company. The Americans wanted Lallouz to complete the planned renovations and lease the space. The DEA was prepared to wait until Lallouz had enough income from the property to pay the U.S. Rodriguez's $750,000. Lallouz would then become owner of the entire property.

"They said to me, 'You give to us what he put in and we'll be satisfied'," Lallouz said. "In my position, what would you do? (The fast-food concession at the world's fair) was a total disaster. I had nothing else to do. So I did it."

Lallouz agreed to stay on. But he knew he still owed back taxes to the federal and provincial governments. He signed his share of the company over to his daughter Melanie, 21, because, he claimed, he wanted to "give something to my children." The tax department would later argue otherwise.

The other 50 per cent went into a trust account in the name of the law firm Matte Bouchard. It represented the "American interest," Lallouz said.

Lallouz then went to the Federal Business Development Bank and obtained a $475,000 loan under the name of Chimeon Lallouz, his Hebrew name. Lallouz, who has claimed he is penniless, gave the federal bank a personal financial statement evaluating his total assets at $1.6 million, including $357,456 for his 50-per-cent interest in 3093-8013 Quebec Inc.

An independent evaluation of the project made for the bank by Johnson and Burns Ltd. estimated the market value of the completed project would be as much as $3 million. A forced sale would bring in between $1.7 million and $1.9 million. Westmount assessed the property at $3.9 million.

With those numbers, it was a low-risk loan for the federal bank. So it authorized the $475,000 mortgage, and Lallouz began transforming the mall into his "better-living centre." An initial phase of the centre was scheduled to open last month.

Then Revenue Canada showed up and spoiled his party.

Lallouz owed about $1.1 million in income tax, penalties and interest dating back to 1978. His wife owed about $500,000 dating back to 1985. Their files had languished in the tax office at 305 René Lévesque Blvd. W. [illegible] left for Spain.

A sudden phone call t[illegible] fices on March 8 revive[illegible] government learned thr[illegible] formant that Lallouz [illegible] town and making mon[illegible] formant left Lallouz's [illegible] ber.

Tax collector Gilles [illegible] who investigates difficu[illegible] mediately called Lallou[illegible] meeting. Negotiations t[illegible] tlement ensued. B[illegible] claimed he was per[illegible] couldn't pay the $1.1 [illegible] owed. Talks broke dow[illegible] Marie seized the mall.

Lallouz challenged th[illegible] court documents, he [illegible] was not the owner. He[illegible] building was held by [illegible] and the U.S. governm[illegible] 3093-8013 Quebec Inc[illegible]

The case, which was [illegible] 8-9, was hard-fought. [illegible] lawyer Daniel Beauc[illegible] tioned Lallouz's 1982 [illegible] ing conviction, Katta[illegible] claiming the Crown [illegible] "trying to embarrass M[illegible]

Initially, Federal [illegible] Marc Noel appeared [illegible] Kattan's arguments th[illegible] bered company, [illegible] owned the property. [illegible] grew increasingly im[illegible] the tax department's [illegible] had to "lift the corpo[illegible] prove that Lallouz w[illegible] daughter to elude [illegible] creditor, the tax man.

But the tide appe[illegible] against Lallouz when [illegible] that when Lallou[illegible] $475,000 from a loan[illegible] Federal Business [illegible] Bank, he used the na[illegible] claiming to be the b[illegible] ney.

Lallouz's case was [illegible] ened when a witness [illegible] Lallouz gave the busi[illegible] ment bank a person[illegible] ment showing that [illegible] Lallouz, owned 50 p[illegible] shares in the compan[illegible] ment was filed with t[illegible]

Lallouz dismissed t[illegible] stating that a secretary [illegible] typing his name as a c[illegible]

But the final coup ca[illegible] ond day of hearings [illegible] agent Michael Moon [illegible] from Florida to testify [illegible] did not oppose Reve[illegible] seizure. Moon brough[illegible] affidavit from Rodrigu[illegible] Lallouz was half-ov[illegible] threw in the towel and [illegible] court challenge.

Few income-tax dodgers evade relentless recovery ag



GAZETTE FILE PHOTO

ROD MACDONELL
and WILLIAM MARSDEN
THE GAZETTE

"All we care about is recovering the money," said Gérard Nadeau, Revenue Canada's assistant director of income-tax recovery for the Montreal area.

"Our only goal is to have our creditors pay up, by any and all legal means."

Nadeau and "complex-case officer" Gilles Ste. Marie threw all the legal artillery at their disposal against income-tax delinquent Sidney Lallouz – aka Chimeon Lallouz – and last month they won.

Lallouz caved in. He gave up trying to fight the tax seizure of his shopping mall at One Wood Ave. Revenue Canada will probably sell the mall by sheriff to recover $1.1 million in back taxes.

Revenue Canada resorted to the extreme means because in their view, Lallouz, over several years, owe Revenue Canada a few hundred dollars but do not pay. They ignore letters and telephone calls from tax officials.

Revenue Canada has four categories or profiles of tax offenders and Lallouz is, in their view, the worst – the kind who devises all sorts of plots and schemes to evade paying income tax.

To snare and seize the assets of the most assiduous tax evaders like Lallouz can take years of slowly piecing together evidence to show that a building or bank account or company does not belong to the person who claims to own it. The tax man must prove that despite appearances to the contrary, the true owner is the tax eluder.

Brought into line

A second type of tax delinquent, Ste. Marie said, is the person who believes for philosophical reasons that paying taxes is immoral. This tax delinquent is generally brought into line after he is advised that the tax man can and will seize and sell his property.

The bill is collected much more aggressively after a certain point – after it exceeds a magic figure that Ste. Marie declined to reveal.

"We will try to work out a repayment deal with that sort of person" to avoid court action.

Ste. Marie said this category of tax debtor generally resists first suggestions that they pay up. But they, too, are usually persuaded to make monthly payments when they are warned of possible seizures.

The mildest form of tax deviant is the person who is broke and unable to pay.

The classic example is a person who loses his job, cashes in and spends his RRSPs and owes a tax bill at the end of the year.

"We will meet that person and satisfy ourselves that the person is in fact penniless," said Ste.

The tax department [illegible] ible" with that kind o[illegible] it will keep tabs on hi[illegible] his financial situatio[illegible] will work out a repay[illegible] ule.

"We do not show t[illegible] big stick if a person [illegible] $500," said Ste. Marie

Assess risks

For anyone conte[illegible] delinquency, it is wo[illegible] ing and assessing the [illegible] few facts and figures [illegible] and Ste. Marie:

- An income-tax debt[illegible] tinguished by the pas[illegible] and is always subject t[illegible]
- An income-tax det[illegible] five or six years becaus[illegible] lated interest, charge[illegible] ties.
- There are 130 Rev[illegible] tax collectors in the M[illegible]
- Every year they col[illegible] age of 99 per cent of [illegible] mately $300 million

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"We met them through schools of my children," Lallouz recalled in an interview. "Of course, we didn't know they were fugitives."

Lallouz had left Montreal in October 1991. His leaving was also a form of flight, he said. He claimed he was hounded out of the country by news reports about his drug-trafficking history and his business partnership with a city of Montreal real-estate agency, the Société de Développement Industriel de Montréal. After *The Gazette* revealed this partnership, Sodim bought Lallouz out of his share of a potential billion-dollar real-estate project, paying him $1.9 million.

Lallouz took the money and moved his family to Spain, where he rented a house in Marbella and invested in a fast-food concession at the Seville world's fair. He left behind more than $5.2 million in debts in Montreal, to the Canadian Imperial Bank of Commerce and the federal tax department. (The CIBC alleged in court documents he had fled to Spain to avoid repaying $5.1 million in loan guarantees held by several of his companies. Lallouz denied this, saying he has since reimbursed the CIBC, which had seized his million-dollar Montreal home at 1725 Cedar Ave. immediately after he moved to Spain.)

Lallouz and Rodriguez became close friends in Marbella. But, Lallouz said, neither men knew of the other's drug-trafficking background.

When Lallouz moved back to Canada in 1993, Rodriguez followed.

"I come back here and try to make my life again," Lallouz said. "This guy follows somehow, you know. We get a phone call. 'You know, we're coming to Montreal.' Sure, you come and visit us'."

Rodriguez stayed with Lallouz during the summer of 1993. That fall, Rodriguez rented a large, red-brick home at 12 Maplewood Ave. in Outremont. The house was a block away from Lallouz's three-storey brick home at 26 Maplewood, which he was renting for $4,000 a month. It's right next door to former premier Robert Bourassa's place.

"I don't know if (Rodriguez) is on the run or not," Lallouz said, turning back the clock to that period. "I don't know if he's like a fugitive. I'm looking at a guy I met in Spain that lives in a big house that tells me he's into casinos and that he's sick and tired of that scene. ... He's got to look for something to do.

"So I said, 'Look, there's a property here that's fantastic. If you're interested, we could look at it. I have a great idea for it.' So we took a look at the property and he said, 'Great, let's buy it'."

The city of Westmount had seized the empty mall in May 1993 for $400,000 in unpaid property taxes. The mortgage holder, Central Capital Corp., had one year to find a buyer. Otherwise, the city would sell the mall for taxes.

Rodriguez bought the mall for the fire-sale price of $750,000 – money he later admitted to police and U.S. courts came from drug trafficking.

He and Lallouz set up a company, 3093-8013 Quebec Inc., to purchase the property. Each took a 50-per-cent interest. Rodriguez said in an affidavit deposited last month in Federal Court that he gave Lallouz 50 per cent even though he hadn't put a cent into the transaction. He said he agreed to give Lallouz a half-share because Lallouz knew Montreal's real-estate market

written instructions to the contrary.

Kattan said in an interview that he had oral approval from Rodriguez to put the money in Kattan's personal account "because you can't buy in a trust account a certificate of deposit. It had to go into a personal name."

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Rodriguez had agreed to sign all his assets over to the U.S. government, but the $750,000 he spent on buying the mall was in the hands of the mortgage company. The Americans wanted Lallouz to complete the planned renovations and lease the space. The DEA was prepared to wait until Lallouz had enough income from the property to pay the U.S. Rodriguez's $750,000. Lallouz would then become owner of the entire property.

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"In my position, what would you do? (The fast-food concession at the world's fair) was a total disaster. I had nothing else to do. So I did it."

Lallouz agreed to stay on. But he knew he still owed back taxes to the federal and provincial governments.

He signed his share of the company over to his daughter Melanie, 21, because, he claimed, he wanted to "give something to my children." The tax department would later argue otherwise.

The other 50 per cent went into a trust account in the name of the law firm Matte Bouchard. It represented the "American interest,"

name of Chimeon Lallouz, his Hebrew name.

Lallouz, who has claimed he is penniless, gave the federal bank a personal financial statement evaluating his total assets at $1.6 million, including $357,456 for his 50-per-cent interest in 3093-8013 Quebec Inc.

An independent evaluation of the project made for the bank by Johnson and Burns Ltd. estimated the market value of the completed project would be as much as $3 million. A forced sale would bring in between $1.7 million and $1.9 million. Westmount assessed the property at $3.9 million.

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Few income-tax dodgers evade relentless recovery



GAZETTE FILE PHOTO

Sidney Lallouz abandoned bid to fight tax seizure.

ROD MACDONELL and WILLIAM MARSDEN
THE GAZETTE

"All we care about is recovering the money," says Gérard Nadeau, Revenue Canada's assistant director of income-tax recovery for the Montreal area.

"Our only goal is to have our creditors pay up, by any and all legal means."

Nadeau and "complex case officer" Gilles Ste. Marie threw all the legal artillery at their disposal against income-tax delinquent Sidney Lallouz – aka Chimeon Lallouz – and last month they won.

Lallouz caved in. He gave up trying to fight the tax seizure of his shopping mall at One Wood Ave. Revenue Canada will probably sell the mall by sheriff to recover $1.1 million in back taxes.

Revenue Canada resorted to the extreme means because in their view, Lallouz, over several years, has done everything possible to dodge his federal tax debt.

Revenue Canada has four categories or profiles of tax offenders and Lallouz is, in their view, the worst – the kind who devises all sorts of plots and schemes to evade paying income tax.

To snare and seize the assets of the most assiduous tax evaders like Lallouz can take years of slowly piecing together evidence to show that a building or bank account or company does not belong to the person who claims to own it. The tax man must prove that despite appearances to the contrary, the true owner is the tax eluder.

Brought into line

A second type of tax delinquent, Ste. Marie said, is the person who believes for philosophical reasons that paying taxes is immoral. This tax delinquent is generally brought into line after he is advised that the tax man can and will seize and sell his property.

Then there are the scofflaws who file their tax returns on time, and owe Revenue Canada a few hundred dollars but do not pay. They ignore letters and telephone calls from tax officials.

The bill is collected much more aggressively after a certain point – after it exceeds a magic figure that Ste. Marie declined to reveal.

"We will try to work out a repayment deal with that sort of person" to avoid court action.

Ste. Marie said this category of tax debtor generally resists first suggestions that they pay up. But they, too, are usually persuaded to make monthly payments when they are warned of possible seizures.

The mildest form of tax deviant is the person who is broke and unable to pay.

The classic example is a person who loses his job, cashes in and spends his RRSPs and owes a tax bill at the end of the year.

"We will meet that person and satisfy ourselves that the person is in fact penniless," says Ste. Marie.

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and "Sidney was the person who brought me into the investment."

For Lallouz, it was like winning a lottery. He suddenly owned 50 per cent of an important central property without putting up a cent.

Rodriguez signed the purchase offer under the false name of Robert Enriquez, the name by which Lallouz said he knew him.

Bank records show that the drug money used to pay for the property was transferred from Spain to Geneva and then to Montreal.

On Aug. 9, 1993, Rodriguez wired $1.1 million from his Spanish bank to the Banque de l'Union European en Suisse. On Oct. 27, he wired $999,990 from the Swiss bank to the trust account of Lallouz's law firm, Péloquin Kattan, at the Canadian Imperial Bank of Commerce branch at 1155 René Lévesque Blvd. W. Lawyer Donald Kattan immediately transferred the money into a personal account under his name and bought a one-day term deposit in his own name at an annual interest of 3 per cent, or $82.19 a day. The term deposit was debited to Kattan at his home address of 56 Maplewood Ave. in Outremont.

The Quebec bar requires that lawyers deposit clients' money in a trust account unless the client gives written instructions to the contrary.

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And on Nov. 1, Kattan issued a cheque for $50,000, again out of his personal account, to the Royal Bank account of 3093-8013 Quebec Inc., the company set up by Rodriguez and Lallouz. (Kattan turned the balance of the $999,990 over to the U.S. government after Rodriguez's arrest, except a certain amount to cover costs.)

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On Nov. 17, 1993, he was arrested at his Outremont home.

"I was stunned," Lallouz said of his partner's arrest. Worried about possible headlines that he was in business with a drug dealer, he said, he immediately wanted to "walk away" from the deal. But two DEA agents asked him to stay in, to recoup Rodriguez's investment.

Rodriguez had agreed to sign all his assets over to the U.S. government, but the $750,000 he spent on buying the mall was in the hands of the mortgage company. The Americans wanted Lallouz to complete the planned renovations and lease the space. The DEA was prepared to wait until Lallouz had enough income from the property to pay the U.S. Rodriguez's $750,000. Lallouz would then become owner of the entire property.

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Lallouz then went to the Federal Business Development Bank and obtained a $475,000 loan under the name of Chimeon Lallouz, his Hebrew name.

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A sudden phone call to the tax offices on March 8 revived them. The government learned through an informant that Lallouz was back in town and making money. The informant left Lallouz's office number.

Tax collector Gilles Ste. Marie, who investigates difficult files, immediately called Lallouz to set up a meeting. Negotiations toward a settlement ensued. But Lallouz claimed he was penniless and couldn't pay the $1.1 million he owed. Talks broke down, and Ste. Marie seized the mall.

Lallouz challenged the seizure. In court documents, he insisted he was not the owner. He claimed the building was held by his daughter and the U.S. government through 3093-8013 Quebec Inc.

The case, which was heard May 8-9, was hard-fought. When federal lawyer Daniel Beauchamp mentioned Lallouz's 1982 drug-trafficking conviction, Kattan protested, claiming the Crown was simply "trying to embarrass Mr. Lallouz."

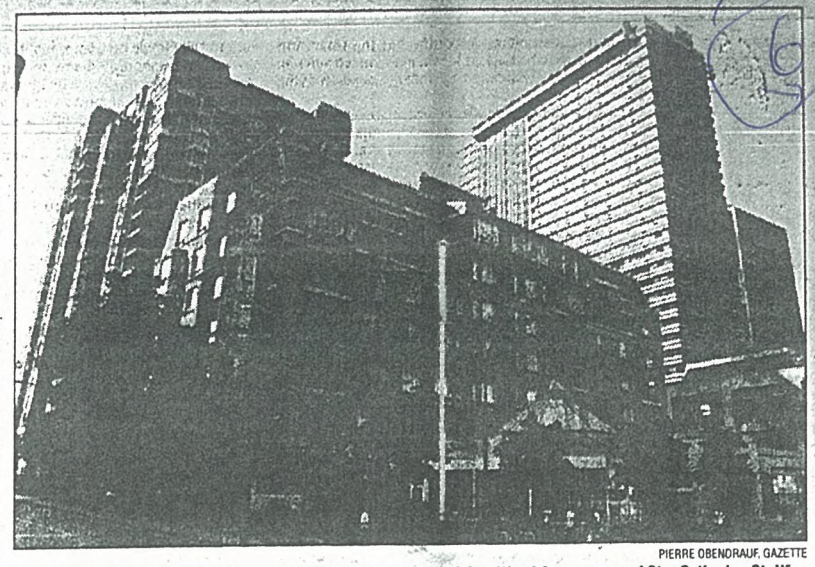
Initially, Federal Court Judge Marc Noel appeared persuaded by Kattan's arguments that the numbered company, not Lallouz, owned the property. The judge grew increasingly impatient with the tax department's claim that it had to "lift the corporate veil" to prove that Lallouz was using his daughter to elude his longtime creditor, the tax man.

But the tide appeared to turn against Lallouz when Judge Noel learned that when Lallouz borrowed $475,000 from a loans officer at the Federal Business Development Bank, he used the name Chimeon, claiming to be the brother of Sidney.

Lallouz's case was further weakened when a witness testified that Lallouz gave the business-development bank a personal-asset statement showing that he, Chimeon Lallouz, owned 50 per cent of the shares in the company. The document was filed with the court.

Lallouz dismissed the document, stating that a secretary had erred by typing his name as a co-owner.

But the final coup came on the second day of hearings when DEA agent Michael Moon was flown in from Florida to testify that the DEA did not oppose Revenue Canada's seizure. Moon brought with him an affidavit from Rodriguez stating that Lallouz was half-owner. Lallouz threw in the towel and withdrew his court challenge.



PIERRE OBENDRAUF, GAZETTE

Complexe la Source mall is under condominium complex called One Wood Ave., corner of Ste. Catherine St. W.

Few income-tax dodgers evade relentless recovery agents



ROD MACDONELL
and WILLIAM MARSDEN
THE GAZETTE

"All we care about is recovering the money," says Gérard Nadeau, Revenue Canada's assistant director of income-tax recovery for the Montreal area.

"Our only goal is to have our creditors pay up, by any and all legal means."

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ible" with that kind of debtor. But it will keep tabs on him and, when his financial situation improves, will work out a repayment schedule.

"We do not show up wielding a big stick if a person owes us only $500," says Ste. Marie.

Assess risks

For anyone contemplating tax delinquency, it is worth considering and assessing the risks with a few facts and figures from Nadeau and Ste. Marie:

An income-tax debt is never extinguished by the passage of time and is always subject to recovery.

An income-tax debt doubles in five or six years because of accumulated interest, charges and penalties.

There are 130 Revenue Canada tax collectors in the Montreal area.

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GAZETTE FILE PHOTO

Sidney Lallouz abandoned bid to fight tax seizure.

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Nadeau and "complex case officer" Gilles Ste. Marie threw all the legal artillery at their disposal against income-tax delinquent Sidney Lallouz – aka Chimeon Lallouz – and last month they won.

Lallouz caved in. He gave up trying to fight the tax seizure of his shopping mall at One Wood Ave. Revenue Canada will probably sell the mall by sheriff to recover $1.1 million in back taxes.

Revenue Canada resorted to the extreme means because in their view, Lallouz, over several years, has done everything possible to dodge his federal tax debt.

Revenue Canada has four categories or profiles of tax offenders and Lallouz is, in their view, the worst – the kind who devise all sorts of plots and schemes to evade paying income tax.

To snare and seize the assets of the most assiduous tax evaders like Lallouz can take years of slowly piecing together evidence to show that a building or bank account or company does not belong to the person who claims to own it. The tax man must prove that despite appearances to the contrary, the true owner is the tax eluder.

Brought into line

A second type of tax delinquent, Ste. Marie said, is the person who believes for philosophical reasons that paying taxes is immoral. This tax delinquent is generally brought into line after he is advised that the tax man can and will seize and sell his property.

Then there are the scofflaws who file their tax returns on time, and owe Revenue Canada a few hundred dollars but do not pay. They ignore letters and telephone calls from tax officials.

The bill is collected much more aggressively after a certain point – after it exceeds a magic figure that Ste. Marie declined to reveal.

"We will try to work out a repayment deal with that sort of person" to avoid court action.

Ste. Marie said this category of tax debtor generally resists first suggestions that they pay up. But they, too, are usually persuaded to make monthly payments when they are warned of possible seizures.

The mildest form of tax deviant is the person who is broke and unable to pay.

The classic example is a person who loses his job, cashes in and spends his RRSPs and owes a tax bill at the end of the year.

"We will meet that person and satisfy ourselves that the person is in fact penniless," says Ste. Marie.

The tax department is "most flexible" with that kind of debtor. But it will keep tabs on him and, when his financial situation improves, will work out a repayment schedule.

"We do not show up wielding a big stick if a person owes us only $500," says Ste. Marie.

Assess risks

For anyone contemplating tax delinquency, it is worth considering and assessing the risks with a few facts and figures from Nadeau and Ste. Marie:

An income-tax debt is never extinguished by the passage of time and is always subject to recovery.

An income-tax debt doubles in five or six years because of accumulated interest, charges and penalties.

There are 130 Revenue Canada tax collectors in the Montreal area.

Every year they collect an average of 99 per cent of the approximately $300 million they are assigned to recover.

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SPORTS Preview of the Formula One motorsport season. **G1, G4, G5**

SATURDAY

NATION Bouchard sets up panel to study Quebec's political future. **A14**

MONTREAL **The Gazette** SINCE 1778

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1999

Loan money goes astray

Small businesses in a new mall went broke when the financing they got from a branch of the National Bank was funneled out by the man controlling the purse strings.

CAMPBELL CLARK
The Gazette

In 1994, André Ripa and Linda Leblanc put together a plan to build a health spa in a tony Westmount mall. They were financing the business with a $190,000 loan from the National Bank.

But unknown to them, their third business partner, Sidney Hallouz, funneled much of the money from the loan into another account through transactions they never approved – using phony invoices issued by a company incorporated under an employee's name.

And the spa, Club Thalassa Inc., went broke before opening to the public.

The National Bank had issued the loan under the federal government's Small Business Loans Act program, under which the federal government gave a guarantee to cover most of a bank's loss on such loans. But the bank failed to check on how the loan money was spent.

Club Thalassa's loan file at the National Bank was full of bizarre transactions, but it was not unique.

The Gazette investigated a dozen loans, all issued under the SBLA by the same branch of the National Bank.

Please see **BANK,** *Page A12*

Expos owners strike out

Baseball bosses say no to extension of deadline for stadium-funding plan

DAVID JOHNSTON
The Gazette

The future of professional baseball in Montreal has taken a grim turn with Major League Baseball's refusal to extend next Saturday's deadline for the Expos to come up with a new ownership group to get government money for a downtown baseball stadium.

In a two-page letter Thursday to club chairman Jacques Ménard, baseball says lack of government support for a new stadium is the biggest obstacle to the Expos remaining in Montreal – not the reluctance of president and managing partner Claude Brochu to step down in favour of 13 dissident owners trying to oust him.

"There has been no commitment for government support to keep the Expos."

"To date, there has been no commitment for government support to keep the Expos in Montreal," Robert DuPuy, baseball's chief legal officer, wrote Menard. Premier Lucien Bouchard has been particularly unco-operative, he said.

"Premier Brouchard (sic) has reiterated publicly his strong opposition to public financing for a new stadium and there was no mention of stadium financing in either the national or provincial budget," the letter said. In fact, the provincial budget is to be tabled March 9.

At a Parti Quebecois caucus meeting in the Laurentians yesterday, Bouchard said he found the letter "shocking," and added: "It's particularly unpleasant to see Major League Baseball say no (to the deadline extension), and itself commit the fatal gesture while using the government as a scapegoat. It's unpleasant and ill-mannered."

Please see **EXPOS,** *Page A2*

Bottom of the ninth. *Page G1*



ALLEN McINNIS, GAZETTE

Rondell White shows form at Expos' spring training in Jupiter, Fla., yesterday.

3 YEARS FOR JUDGE

Flahiff ordered to jail

LISA FITTERMAN
Gazette Justice Reporter

Superior Court Justice Robert Flahiff made history yesterday when, after a kiss on the cheek from his wife, he left Quebec Court via a route never before used by a member of the Canadian bench: the prisoner's door.

He cooled his heels in the holding cells of the Montreal courthouse for about an hour, while his lawyers went to the Quebec Court of Appeal to get him bailed out of detention.

Flahiff's ignominious exit came after Judge Serge Boisvert, who found him guilty last month of three counts of laundering a former client's drug money when he was in practice as a criminal lawyer, sentenced him to three years in prison.

However, Flahiff will not go to prison for at least a year, if at all. His appeal of the conviction comes first, and if he loses that he probably will go to the Supreme Court of Canada.

The bail hearing before Appeal Court Justice Joseph Nuss took only five minutes because prosecutor Bruno Pateras, a criminal lawyer appointed to the case because of its special nature, did not object to Flahiff's being released on his own recognizance.

Please see **FLAHIFF,** *Page A13*

INSIDE

WEATHER

Sunny
Today's high, 3
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MONTREAL

Chevrette rolls back tinted-window policy

Quebec Transport Minister Guy Chevrette backs away from a

Alberta judge's remarks shake legal community

Suggests Supreme Court justice to blame for male suicide rate

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Small-business loans approved through one branch of the National Bank were used for equipment that didn't work, CDs that couldn't sell, and to pay personal bills

Beating the loan system

BANK

Continued from Page A1

It found dubious business projects in some, a series of fraudulent transactions in others, and several instances where the bank failed to check up on the loan diligently.

The dozen loans were for a variety of businesses – a restaurant, the spa, a satellite-service company, and even a recording by R&B singer Gary U.S. Bonds.

But they revolved around two men who met in prison, Sidney Lallouz and Yank Barry, and their lenders at the National Bank branch at 3850 St. Laurent Blvd.

Barry set up loans for himself, and helped associates and acquaintances obtain loans through bankers he knew well at the branch. One of those acquaintances was Lallouz, who paid Barry hefty cash fees for his help, and then engineered fraudulent transactions to funnel loan money into another bank account.

The Club Thalassa loan was not the only example. Lallouz controlled the purse strings of SBLA loans to seven companies totaling $1.1 million, and he funneled out a large portion of it.

The federal government did not reimburse the National Bank for its losses on the loan to Club Thalassa or the six other loans issued to Lallouz and his associates.

But it did pay its guarantee on some of the other loans issued by bankers at the St. Laurent Blvd. branch for questionable business projects.

The loans were part of the $1.4 billion the National Bank has lent under the SBLA program since 1993. Borrowers have defaulted on at least 10 per cent of that amount, and the federal government has reimbursed the National Bank for more than $130 million of its losses for that period.

The Small Business Loans Act governs a program administered by Industry Canada, aimed at getting financial institutions to lend more to small businesses that carry a little more risk but have a reasonably good chance of success. The federal government reimburses banks for most of the losses on a failed loan.

In 1993 the program boomed, when the government allowed companies to borrow 100 per cent of the cost of their equipment, and promised to cover 90 per cent of a bank's loss on an SBLA loan.

The rules were tightened somewhat in 1995: businesses can now borrow 85 per cent of equipment costs, and the government will cover 85 per cent of a bank's loss.

There are safeguards: the federal government insists the money be spent only on hard assets – buildings, equipment and renovations – that could serve as collateral. And the banks do not issue money directly to the borrower – they pay it only to the borrower's suppliers.

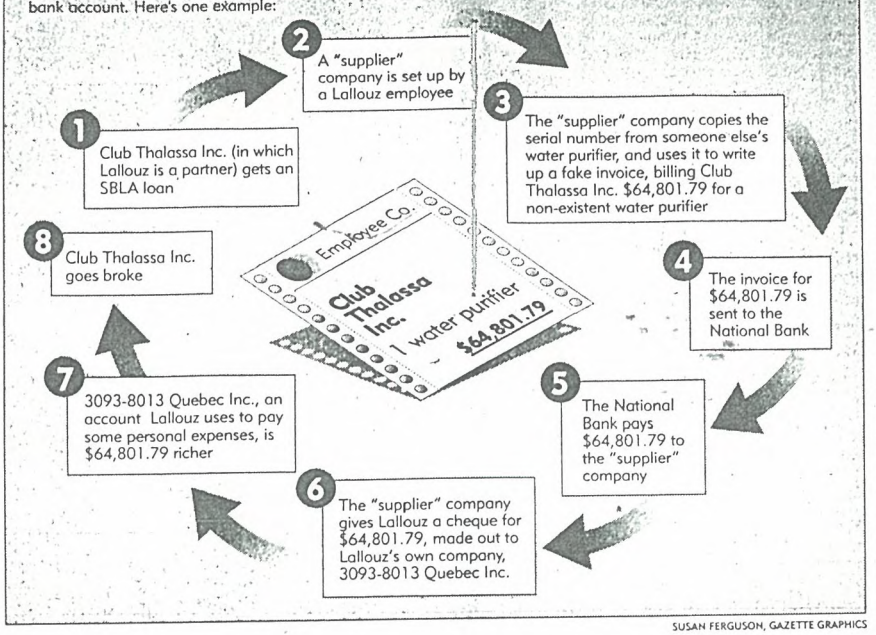
Lallouz, however, beat the safeguards.

Lallouz had persuaded Ripa and Leblanc to open the spa in a mall that he was developing at One Wood Ave. in Westmount, below an upscale condominium building and next to the shops of Westmount Square.

The Complexe La Source would have a yuppie health theme, including a health-food store, massage parlour, tanning salon and the spa.

The loan merry-go-round

To prevent borrowers (who invest little of their own money) from abusing the funds borrowed under the Small Business Loans Act, banks do not give the money directly to the borrower. Instead, the borrower's suppliers issue invoices; the invoices are sent to the bank, and the bank pays the suppliers.
Sidney Lallouz found ways to circumvent those safeguards, however – to get the money from the bank to his own bank account. Here's one example:



SUSAN FERGUSON, GAZETTE GRAPHICS

The Small Business Loans Act:

- The SBLA is run by Industry Canada to make it easier for small businesses to get bank financing and create jobs.
- The federal government guarantees to cover most of the losses suffered by a bank if a small business defaults on a loan registered under the act.

The money involved:

- $10 billion lent by the Big Five chartered banks and the National Bank in federally guaranteed SBLA loans between April 1, 1993, and March 31, 1998. Other financial institutions, including caisses populaires and Alberta Treasury Branches, also lent money.
- $404 million paid out by the federal government to the banks for losses on defaulted loans in that time. Other financial institutions also received government reimbursements.

The National Bank:

- Lent out $1.3 billion under the SBLA program between April 1, 1993, and March 31, 1998. (The total had reached $1.4 billion by Sept. 22, 1998.) Canada's sixth-largest bank, it has lent out as much in Quebec as the Big Five banks combined.
- Collected $112 million from the federal government in that time for SBLA loans that defaulted. (It had collected $130 million by Sept. 22, 1998.)
- The only bank to break through the generous limit the federal government set on losses it would cover, according to bank officials: 10 per cent of a bank's total SBLA lending.



MARCOS TOWNSEND, GAZETTE

Yank Barry (above) put Sidney Lallouz in touch with bank manager.

The bank paid $108,248.78 to two companies set up by one of Lallouz's employees, and another $28,488.75 to a renovations contractor, Soldev, owned by one of Lallouz's brothers, Albert Lallouz.

The Gazette obtained a copy of the Soldev invoice that was sent to the bank, which lists renovation work that former Lallouz employees and several mall tenants say was never done. Albert Lallouz insisted in an interview that he never issued an invoice for work on the spa, and that the one sent to the bank must be a forgery.

Even before all the money from Club Thalassa's loan was spent, company president Ripa got out. Sources said he

Agency showed up and seized Rodriguez's half of the mall, Lallouz continued to develop the centre, using a $475,000 mortgage from the federal government's Federal Business Development Bank (now the Business Development Bank), as reported by *The Gazette* in June 1995.

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Bank records, invoices and other records from the borrowers, the "suppliers" and Lallouz's numbered company show several instances of matching amounts paid from the loans to an employee's company, and then in turn paid by the employee's company to Lallouz's numbered company.

The records show $477,906 of the SBLA loan money was paid to companies registered under the name of one Lallouz employee between June 1994 and April 1995.

Bank and business records show the employee's companies then paid $416,977 to Lallouz's numbered company between June 1994 and May 1995.

A former Lallouz employee said those companies did supply some furniture and equipment – usually used items bought at auctions – but the invoices issued to the bank were either padded or fictitious.



Lallouz beat the safeguards.

Lallouz's ties to the employee's company were apparently not noticed, though Lallouz once represented that company in negotiations to buy second-hand furnishings from the National Bank, items seized from another company.

And the numbered company account where Lallouz deposited sums kicked back from the "suppliers" was at a branch of the National Bank across the street from the mall.

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The federal guarantee was never paid for any of the seven Lallouz loans, however.

Both the National Bank and the federal government refused to explain why, or to say whether the bank filed a claim and was refused.

The Gazette filed an access-to-information request for that information last August, but Industry Canada officials – who have repeatedly promised an imminent response – have yet to reply.

The federal government did, however, pay the National Bank for its claims on other loans issued by the same branch – loans where the bank's diligence in checking on the borrowers was less than exemplary.

Until Lallouz's checkered past became widely publicized, he appeared to have no difficulty arranging one loan after another through the branch at 3850 St. Laurent Blvd.

Lallouz was put in touch with the manager of that branch, Denis Faubert, by an old acquaintance Yank Barry, a former music promoter who now runs Vitapro Foods, a company that sells a powdered vegetarian meat substitute and uses celebrities like boxing legend Muhammad Ali to publicize it.

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Although there was a National Bank branch across the street from the mall, Lallouz took his Club Thalassa partners to the branch at 3850 St. Laurent.

But Ripa, Club Thalassa's president, soon discovered the bank was paying out loan money for transactions he never approved. Bank records and Lallouz's own internal documents show the transactions were a means for Lallouz to redirect the money into his own account.

One of Lallouz's former employees gave an example of how that was done. The employee spotted a water purifier in the basement, which belonged to the condominiums upstairs, jotted down the manufacturer's name and the machine's serial number, then called the manufacturer to ask its price.

The employee then typed up an invoice from a company registered in his own name, billing Club Thalassa Inc. $64,801.79 for the purifier. He faxed the bill to the bank, and the bank paid it.

Bank records show that the next day, the employee's "supplier" company paid the exact same amount – to the penny – to a numbered company owned by Lallouz.

Lallouz had set up that company, 3093-8013 Quebec Inc., to operate the mall.

But account records show he also used the account for personal expenses like his car, his children's school fees, and regular payments of thousands of dollars to himself.

Most of the money from Club Thalassa's $190,000 loan went to pay invoices issued by companies registered in the name of Lallouz's employees or relatives.



SUSAN FERGUSON, GAZETTE GRAPHICS

reached $1.4 billion by Sept. 22, 1998.) Canada's sixth-largest bank, it has lent out as much in Quebec as the Big Five banks combined.

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Even before all the money from Club Thalassa's loan was spent, company president Ripa got out. Sources said he expressed concern in late November 1994 that the bank was paying bills without his approval. Leblanc stayed in.

> **"I met (Lallouz) in (cellblock) B-16 in Laval, under not good circumstances."**
>
> *Yank Barry*

Leblanc said Lallouz persuaded her to stay involved with the company, and because she had recently broken up with Ripa she was eager to launch a business of her own. She said she interpreted Ripa's concerns as the jitters of a nervous investor, and dismissed them in part because they were coming from a former boyfriend.

A few months later, creditors came banging on Lallouz's door, and Club Thalassa defaulted on its loan. The money had been spent, but the building of the spa had barely begun.

By then, Lallouz had left a trail of burned business partners and creditors, and not for the first time.

Lallouz had been sent to prison for drug trafficking in 1979, but he emerged in the go-go 1980s to launch real-estate deals with partners that included two city of Montreal agencies.

When Lallouz's criminal past was made public, some partners insisted on buying him out. He fled to Spain in 1991, one step ahead of banks suing him for more than $5 million in real-estate-deal debts and tax collectors seeking $1.1 million.

But Lallouz returned to Montreal in 1993, doing business under his Hebrew given name, Chimeon.

He was soon followed by an acquaintance from Spain, convicted international drug-dealer Herberto (Tico) Rodriguez, who put up the $750,000 to buy the shopping mall and gave Lallouz half the mall for organizing the deal.

When the U.S. Drug Enforcement Agency showed up and seized Rodriguez's half of the mall, Lallouz continued to develop the centre, using a $475,000 mortgage from the federal government's Federal Business Development Bank (now the Business Development Bank), as reported by *The Gazette* in June 1995.

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The money from the loans helped Lallouz populate his Westmount mall with tenants, and it also kept cash flowing into the numbered-company account Lallouz used for his personal expenses.

In all, Lallouz set up seven SBLA loans through the National Bank's St. Laurent branch, in 1994 and early 1995, for a total of $1.1 million.

Three companies were registered in the name of Lallouz's nephew and employee, André: a mall-service company, a conference centre and a health centre. Another three were set up by Lallouz with partners: a restaurant, a bakery and the spa.

In the seventh case, the official borrower was a tenant who planned to open a beauty salon, but Lallouz contracted to deliver a completed salon, using the tenant's loan money.

In each case, it was Sidney Lallouz who controlled the purse strings and it was to Sidney Lallouz that much of the money went.

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Albert Lallouz told *The Gazette* he did some work on the mall but he was a victim of his brother's dealings.

> **"Sidney's always been very capable of putting big projects together."**
>
> *Barry*

In the spring of 1995, the mall development ground to a halt when Revenue Canada came looking for $1.1 million in unpaid taxes owed by Lallouz.

Revenue Canada seized the mall, and the companies set up by Lallouz's nephew – the mall-service company, conference centre and health centre – defaulted on their loans.

The companies Lallouz had set up with partners, and the tenant he had promised a completed beauty salon, found the borrowed money had been spent – but their shops had not been completed.

The few mall tenants who had not arranged loans through Lallouz found themselves in an unfinished, empty mall, and most of them went broke, too. The mall is now under new ownership.

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(Barry now has new problems on the horizon. He was arraigned Feb. 11 in United States federal court in Houston on charges of money-laundering and of giving a $20,000 bribe to the former head of prisons in Texas, allegedly to secure a $33.7-million contract to supply his meat substitute to the prison authority. His trial date has been set for April 28.)

Barry had worked for Montreal's McConnell Records in the 1970s, and had been convicted in 1982 of extorting money from his boss.

It was in prison that he met Lallouz, who was serving his drug-trafficking sentence.

"I met the guy in (cellblock) B-16 in Laval, under not good circumstances," Barry said in an interview in 1997. (Barry did not return phone messages from *The Gazette* this week.) "But again, he had the most notoriety there, the guy that was caught with $10 million or $12 million in drugs. He was like the king of B-16."

When they met again on a golf course in 1993, times had changed for both.

"He told me he had this great project," Barry said. "Sidney's always been very capable of putting big projects together that looked very real.

"I spoke to the bank. I said he had already bought the building. He had the mortgage – who it was with I have no idea – and he asked me if I could help with the business plan."

Lallouz's own internal documents record that he paid Barry a total of $66,000 in cash for his help between Sept. 13, 1994, and Jan. 19, 1995, but Barry insists that is false.



Seven loans worth $1.1 million were supposed to pay for new businesses in a shopping mall under this condo complex at One Wood Ave.

Please see BONDS, *Page A13*

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Beating the loan system

BANK

Continued from Page A1

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The federal government did not re-burse the National Bank for its loss-on the loan to Club Thalassa or the other loans issued to Lallouz and s associates.

But it did pay its guarantee on some the other loans issued by bankers at e St. Laurent Blvd. branch for ques-nable business projects.

The loans were part of the $1.4 bil-n the National Bank has lent under e SBLA program since 1993. Borrow-s have defaulted on at least 10 per nt of that amount, and the federal vernment has reimbursed the Na-nal Bank for more than $130 million its losses for that period.

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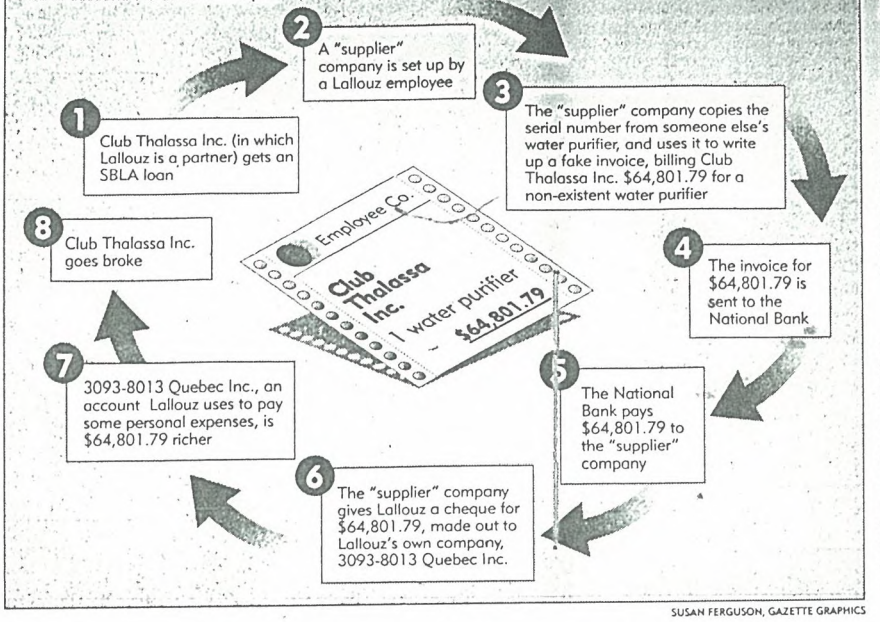
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Although there as a National Bank ranch across the

"I met (Lallouz) in ... P 16 in

The loan merry-go-round

To prevent borrowers (who invest little of their own money) from abusing the funds borrowed under the Small Business Loans Act, banks do not give the money directly to the borrower. Instead, the borrower's suppliers issue invoices; the invoices are sent to the bank; and the bank pays the suppliers.
Sidney Lallouz found ways to circumvent those safeguards, however – to get the money from the bank to his own bank account. Here's one example:



SUSAN FERGUSON, GAZETTE GRAPHICS

The Small Business Loans Act:

- The SBLA is run by Industry Canada to make it easier for small businesses to get bank financing and create jobs.
- The federal government guarantees to cover most of the losses suffered by a bank if a small business defaults on a loan registered under the act.

The money involved:

- $10 billion lent by the Big Five chartered banks and the National Bank in federally guaranteed SBLA loans between April 1, 1993, and March 31, 1998. Other financial institutions, including caisses populaires and Alberta Treasury Branches, also lent money.
- $404 million paid out by the federal government to the banks for losses on defaulted loans in that time. Other financial institutions also received government reimbursements.

The National Bank:

- Lent out $1.3 billion under the SBLA program between April 1, 1993, and March 31, 1998. (The total had reached $1.4 billion by Sept. 22, 1998.) Canada's sixth-largest bank, it has lent out as much in Quebec as the Big Five banks combined.
- Collected $112 million from the federal government in that time for SBLA loans that defaulted. (It had collected $130 million by Sept. 22, 1998.)
- The only bank to break through the generous limit the federal government set on losses it would cover, according to bank officials: 10 per cent of a bank's total SBLA lending.



MARCOS TOWNSEND, GAZETTE

Yank Barry (above) put Sidney Lallouz in touch with bank manager.

The bank paid $108,248.78 to two companies set up by one of Lallouz's employees, and another $28,488.75 to a renovations contractor, Soldev, owned by one of Lallouz's brothers, Albert Lallouz.

The Gazette obtained a copy of the Soldev invoice that was sent to the bank, which lists renovation work that former Lallouz employees and several mall tenants say was never done. Albert Lallouz insisted in an interview that he never issued an invoice for work on the spa, and that the one sent to the bank must be a forgery.

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Agency showed up and seized Rodriguez's half of the mall, Lallouz continued to develop the centre, using a $475,000 mortgage from the federal government's Federal Business Development Bank (now the Business Development Bank), as reported by *The Gazette* in June 1995.

Then Lallouz, a slight, fast-talking deal-maker who enjoyed high-stakes gambling at the Montreal Casino, used the federal government's SBLA program to make the money really flow.

The money from the loans helped Lallouz populate his Westmount mall with tenants, and it also kept cash flowing into the numbered-company account Lallouz used for his personal expenses.

In all, Lallouz set up seven SBLA loans through the National Bank's St.

As with the spa, the bank paid much of the borrowed money to companies set up by a Lallouz employee, and the money was kicked back to Lallouz's numbered-company account.

Bank records, invoices and other records from the borrowers, the "suppliers" and Lallouz's numbered company show several instances of matching amounts paid from the loans to an employee's company, and then in turn paid by the employee's company to Lallouz's numbered company.

The records show $477,906 of the SBLA loan money was paid to companies registered under the name of one Lallouz employee between June 1994 and April 1995.

Bank and business records show the employee's companies then paid $416,977 to Lallouz's numbered company between June 1994 and May 1995.

A former Lallouz employee said those companies did supply some furniture and equipment – usually used items bought at auctions – but the invoices issued to the bank were either padded or fictitious.

Lallouz's ties to the employee's company were apparently not noticed, though Lallouz once represented that company in negotiations to buy second-hand furnishings from the National Bank, items seized from another company.

And the numbered-company account where Lallouz deposited sums kicked back from the "suppliers" was at a branch of the National Bank across the street from the mall.

The records also show a total of $164,079 was paid to Albert Lallouz's construction company, Soldev Inc., from the loans of five companies at the mall.

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The few mall tenants who had not arranged loans through Lallouz found themselves in an unfinished, empty mall, and most of them went broke, too. The mall is now under new ownership.

The federal guarantee was never paid for any of the seven Lallouz loans, however.

Both the National Bank and the federal government refused to explain why, or to say whether the bank filed a claim and was refused.

The Gazette filed an access-to-information request for that information last August, but Industry Canada officials – who have repeatedly promised an imminent response – have yet to reply.

The federal government did, however, pay the National Bank for its claims on other loans issued by the same branch – loans where the bank's diligence in checking on the borrowers was less than exemplary.

Until Lallouz's checkered past became widely publicized, he appeared to have no difficulty arranging one loan after another through the branch at 3850 St. Laurent Blvd.

Lallouz was put in touch with the manager of that branch, Denis Faubert, by an old acquaintance: Yank Barry, a former music promoter who now runs Vitapro Foods, a company that sells a powdered vegetarian meat substitute and uses celebrities like boxing legend Muhammad Ali to publicize it.

(Barry now has new problems on the horizon. He was arraigned Feb. 11 in United States federal court in Houston on charges of money-laundering and of

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companies totaling $1.1 million, and he funneled out a large portion of it.

The federal government did not reimburse the National Bank for its losses on the loan to Club Thalassa or the six other loans issued to Lallouz and his associates.

But it did pay its guarantee on some of the other loans issued by bankers at the St. Laurent Blvd. branch for questionable business projects.

The loans were part of the $1.4 billion the National Bank has lent under the SBLA program since 1993. Borrowers have defaulted on at least 10 per cent of that amount, and the federal government has reimbursed the National Bank for more than $130 million of its losses for that period.

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The Complexe La Source would have a yuppie health theme, including a health-food store, massage parlour, tanning salon and the spa.

Although there was a National Bank branch across the street from the mall, Lallouz took his Club Thalassa partners to the branch at 3850 St. Laurent.

> **"I met (Lallouz) in (cellblock) B-16 in Laval, under not good circumstances."**
>
> *Yank Barry*

But Ripa, Club Thalassa's president, soon discovered the bank was paying out loan money for transactions he never approved. Bank records and Lallouz's own internal documents show the transactions were a means for Lallouz to redirect the money into his own account.

One of Lallouz's former employees gave an example of how that was done. The employee spotted a water purifier in the basement, which belonged to the condominiums upstairs, jotted down the manufacturer's name and the machine's serial number, then called the manufacturer to ask its price.

The employee then typed up an invoice from a company registered in his own name, billing Club Thalassa Inc. $4,801.79 for the purifier. He faxed the bill to the bank, and the bank paid it.

Bank records show that the next day, the employee's "supplier" company paid the exact same amount – to the penny – to a numbered company owned by Lallouz.

Lallouz had set up that company, 3093-8013 Quebec Inc., to operate the mall.

But account records show he also used the account for personal expenses like his car, his children's school fees, and regular payments of thousands of dollars to himself.

Most of the money from Club Thalassa's $190,000 loan went to pay invoices issued by companies registered in the name of Lallouz's employees or relatives.



SUSAN PERGUSON, GAZETTE GRAPHICS



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Even before all the money from Club Thalassa's loan was spent, company president Ripa got out. Sources said he expressed concern in late November 1994 that the bank was paying bills without his approval. Leblanc stayed in.

Leblanc said Lallouz persuaded her to stay involved with the company, and because she had recently broken up with Ripa she was eager to launch a business of her own. She said she interpreted Ripa's concerns as the jitters of a nervous investor, and dismissed them in part because they were coming from a former boyfriend.

A few months later, creditors came banging on Lallouz's door, and Club Thalassa defaulted on its loan. The money had been spent, but the building of the spa had barely begun.

By then, Lallouz had left a trail of burned business partners and creditors, and not for the first time.

Lallouz had been sent to prison for drug trafficking in 1979, but he emerged in the go-go 1980s to launch real-estate deals with partners that included two city of Montreal agencies.

When Lallouz's criminal past was made public, some partners insisted on buying him out. He fled to Spain in 1991, one step ahead of banks suing him for more than $5 million in real-estate-deal debts and tax collectors seeking $1.1 million.

But Lallouz returned to Montreal in 1993, doing business under his Hebrew given name, Chimeon.

He was soon followed by an acquaintance from Spain, convicted international drug-dealer Herberto (Tico) Rodriguez, who put up the $750,000 to buy the shopping mall and gave Lallouz half the mall for organizing the deal.

When the U.S. Drug Enforcement Agency showed up and seized Rodriguez's half of the mall, Lallouz continued to develop the centre, using a $475,000 mortgage from the federal government's Federal Business Development Bank (now the Business Development Bank), as reported by *The Gazette* in June 1995.

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In all, Lallouz set up seven SBLA loans through the National Bank's St. Laurent branch, in 1994 and early 1995, for a total of $1.1 million.

Three companies were registered in the name of Lallouz's nephew and employee, André: a mall-service company, a conference centre and a health centre. Another three were set up by Lallouz with partners: a restaurant, a bakery and the spa.

In the seventh case, the official borrower was a tenant who planned to open a beauty salon, but Lallouz contracted to deliver a completed salon, using the tenant's loan money.

In each case, it was Sidney Lallouz who controlled the purse strings and it was to Sidney Lallouz that much of the money went.

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Albert Lallouz told *The Gazette* he did some work on the mall but he was a victim of his brother's dealings.

> **"Sidney's always been very capable of putting big projects together."**
>
> *Barry*

In the spring of 1995, the mall development ground to a halt when Revenue Canada came looking for $1.1 million in unpaid taxes owed by Lallouz.

Revenue Canada seized the mall, and the companies set up by Lallouz's nephew – the mall-service company, conference centre and health centre – defaulted on their loans.

The companies Lallouz had set up with partners, and the tenant he had promised a completed beauty salon, found the borrowed money had been spent – but their shops had not been completed.

The few mall tenants who had not arranged loans through Lallouz found themselves in an unfinished, empty mall, and most of them went broke, too. The mall is now under new ownership.

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(Barry now has new problems on the horizon. He was arraigned Feb. 11 in United States federal court in Houston on charges of money-laundering and of giving a $20,000 bribe to the former head of prisons in Texas, allegedly to secure a $33.7-million contract to supply his meat substitute to the prison authority. His trial date has been set for April 28.)

Barry had worked for Montreal's McConnell Records in the 1970s, and had been convicted in 1982 of extorting money from his boss.

It was in prison that he met Lallouz, who was serving his drug-trafficking sentence.

"I met the guy in (cellblock) B-16 in Laval, under not good circumstances," Barry said in an interview in 1997. (Barry did not return phone messages from *The Gazette* this week.) "But again, he had the most notoriety there, the guy that was caught with $10 million or $12 million in drugs. He was like the king of B-16."

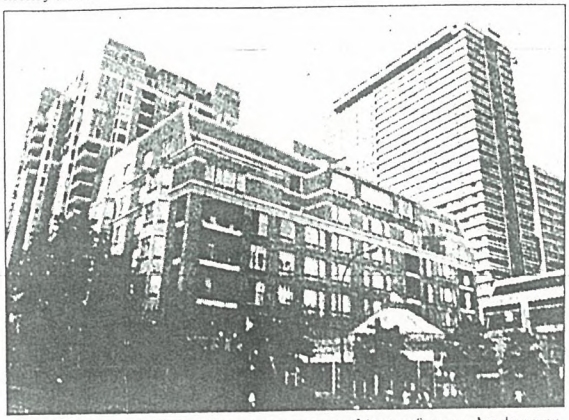
When they met again on a golf course in 1993, times had changed for both.

"He told me he had this great project," Barry said. "Sidney's always been very capable of putting big projects together that looked very real.

"I spoke to the bank. I said he had already bought the building. He had the mortgage – who it was with I have no idea – and he asked me if I could help with the business plan."

Lallouz's own internal documents record that he paid Barry a total of $66,000 in cash for his help between Sept. 13, 1994, and Jan. 19, 1995, but Barry insists that is false.

Please see BONDS, *Page A13*



Seven loans worth $1.1 million were supposed to pay for new businesses in a shopping mall under this condo complex at One Wood Ave.

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$225,000 loaned for '60s singer

But record ends up being given away

BONDS

Continued from Page A12

He said Lallouz paid him $10,000 in cash that was carried to Barry's Redpath Row offices by Lallouz's bookkeeper.

"It didn't have to be in cash. He could have done it by cheque."

Barry said he put a lot of effort into helping Lallouz work out his business plan for two companies, and charged for it – although he later said he doesn't even know how to draw up a business plan.

A former Lallouz employee, however, insisted Barry never worked on any business plan for Lallouz, and that the money was paid to Barry for his help in obtaining the loans from the National Bank.

Barry insists his job was not to smooth the way for the loan, but he said he did contact the bank for Lallouz, and called again to check how the loan application was going. Barry knew the bankers at the St. Laurent Blvd. branch, having obtained at least two SBLA loans there himself.

Barry's collateral turned out to be tapes of R&B singer Gary U.S. Bonds.

And he was friendly with branch manager Faubert. He said he helped Faubert join the Cedarbrook Golf Club, where Barry was a member, paying Faubert's $500 initiation and arranging payment of some other fees.

"The only thing I paid there for him was $500 for the initiation, not for his membership," Barry said. "His membership, he gave me the money, and we wrote a cheque to Cedarbrook. And that was at Denis's request.

"Denis was straight ahead. He never got any money from me."

Barry and Faubert both resigned their memberships in Cedarbrook in the fall of 1995, shortly after a National Bank investigator visited the golf club, though Barry later rejoined. Bank officials said their investigator made checks after Revenue Canada agents passed on allegations of irregularities in the group of loans.

A National official said the bank checked and found Faubert had repaid any amounts Barry paid for the golf club. Faubert refused this week to comment on it, saying the bank had asked him not to. He did say Barry "was a client of the branch, period."

Faubert also said he was at the St. Laurent Blvd. branch for only two loans related to Barry and Lallouz, having left the branch in June 1994 to work at the bank's head office.

Documents obtained by *The Gazette* show Faubert corresponded with Barry about an SBLA loan months after that date, however. When Eddie Shum sought financing for a trading-cards shop, Jumbobear Sports Cards (which went broke in 1995), Barry helped. In a handwritten fax Faubert sent to Barry on Oct. 24, 1994, Faubert instructs Barry to have his bookkeeper, Lyndon Maither, rework optimistic figures.

"Have Lyndon correct, so it makes sense," he wrote. "I do not need an increase in profit to obtain approval."

Faubert and Barry had started doing business with each other earlier, and Barry obtained an SBLA loan in 1993 to renovate Vitapro's Mount Royal Ave. offices. In 1994, Barry moved to Vitapro's tonier offices on Redpath Row, where he also lived until recently.

That same year, Barry formed another company, 3104-2922 Quebec Inc., to produce a record and video for early-$56,000.

In an interview, Barry said the tapes he released to Bonds were not the same ones Bonds sold to him for $100,000. He said he did not pocket the $56,000 that Bonds's GLA Music sent to him a few days later; it was to reimburse him for more recording sessions at Le Studio in Morin Heights.

Barry offered no explanation why he would incorporate a numbered company to produce a Bonds record, and then use another company, Yank Barry Productions, to pay for recording sessions on behalf of GLA Music, or why GLA Music would be paying for the recording sessions at all.

"It was irrelevant," Barry said. "The bottom line was that the product was produced and the money was spent."

According to Bonds, however, only one set of master tapes existed at the time Barry launched his numbered company – not two sets, as Barry claimed.

In an interview, Bonds said he could not remember any of the transactions involving the tapes: whether his GLA Music had paid for the sessions at Le Studio, or whether it had invested any money in the record project. Yank Barry was the producer and his company "more than likely" paid for the sessions, Bonds said.

A Bonds compact disc was produced, but Barry said he could not find a record distributor for it, and he used the CDs as a promotion for Vitapro Foods.

Barry's numbered company defaulted on its loan, and the bank sued Barry for the $20,000 personal guarantee on the loan. The bank found little else it could collect. The assets Barry had bought with the SBLA loan were the master tapes – five reels of Gary U.S. Bonds belting out chestnuts like Youngblood and Search and Seize Her – which now stood as collateral.

The federal government paid the bank $169,649 for its losses.

Yank Barry Productions had been involved in a Lallouz loan, as well.

When Lallouz set up a company, 9004-9679 Quebec Inc., to operate a conference centre in Complexe La Source financed by an SBLA loan, the first cheque the National Bank issued under the loan was to Yank Barry Productions: $44,157.66 for a commercial video that was never produced.

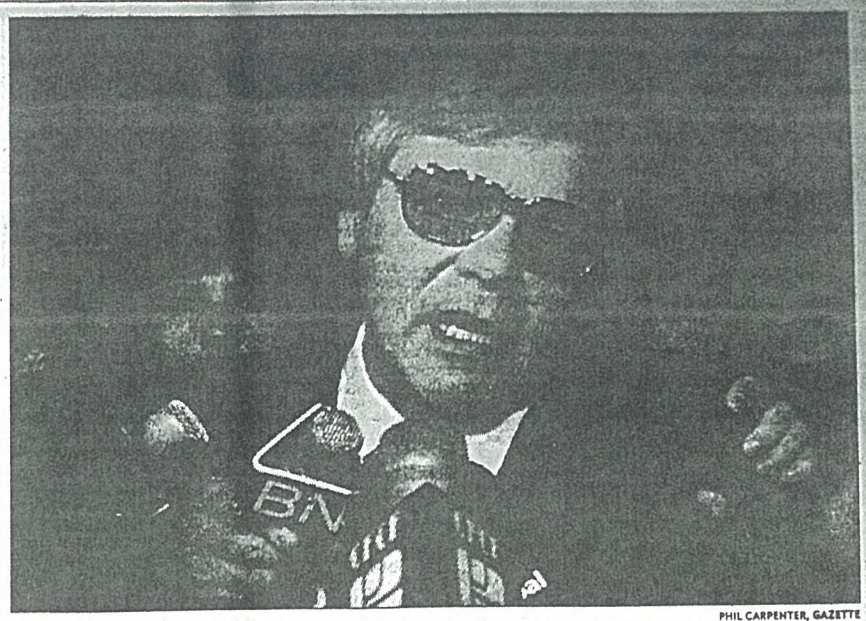
The bank issued a cheque to pay the invoice from Yank Barry Productions, but that same day, Barry issued a credit note to Lallouz. He returned the money, but instead of going to the conference-centre company, it went to 3093-8013 Quebec Inc. – the company Lallouz used to pay personal expenses.

"I verified with my accountants first that there was nothing illegal about it, nothing extraordinary about it, and I notified the bank," Barry said.

Barry insisted he notified Pat Romanelli, another banker at the St. Laurent Blvd. branch, that the money had been returned. But Lallouz did not return the money to the bank. Romanelli declined to comment.

The cheque register Lallouz kept for that account records that a cheque written to cash for $9,000 that day, and another for $7,000 the next day, were to obtain cash to be paid to Yank Barry. Barry said he did not receive those sums.

Aside from Lallouz and himself, Barry linked other potential borrowers with bankers at the St. Laurent Blvd.



PHIL CARPENTER, GAZETTE

Claude Girouard, Flahiff's lawyer, responds to reporters' questions after yesterday's sentencing.

May be removed from bench

Judicial hearing ordered by justice minister opens Monday

FLAHIFF

Continued from Page A1

Another condition was that he hand over his passport to the RCMP.

He is expected to be present on Monday morning at the courthouse when a three-member inquiry panel struck last month by the Canadian Judicial Council begins a hearing on whether he can continue on the bench in light of his conviction. He is to continue to collect his $175,800 salary in the interim.

The courtroom was packed for the sentence hearing, with such a surfeit of reporters that the overflow sat in the jury box. Television cameras tracked and crowded Flahiff and his wife, Patricia, as they strode down the corridor to Room 6.02.

He said he was feeling fine.

The couple took seats next to each other and held hands, but not for long: as soon as Boisvert entered, he asked Flahiff to move to the prisoner's dock.

It was the first time since the trial began last October that Flahiff has sat in the enclosure. It was a symbolic gesture; he was finally being singled out, sitting alone, in full view of the room, legs crossed, hands clasped, all eyes on his countenance as Boisvert read his 32-page decision.

Impassive at first, his face occasionally crumpled during the next 45 minutes as the judge methodically reviewed and dismissed defence arguments for a more lenient sentence, including the toll the past few years have taken on his family and the danger he faces if, as a former judge on the criminal-court bench, he was sent to prison.

EXEMPLARY LIFE

He granted that Flahiff, 51, who was appointed to the bench in 1993 after a long career as a defence lawyer, has led an exemplary life, save for the money-laundering, and that there is little chance he would reoffend.

But that did not alter the fact that Flahiff was a lawyer when he committed the infractions between 1989 and 1991, acting on behalf of a drug-dealer client named Paul Larue, who was arrested in the U.S. in a cocaine sting and turned stool pigeon, he noted.

While one could understand if a lawyer committed a crime because of a



MARTIN CHAMBERLAND, CP

Robert Flahiff walking to court.

and indirect victims of his crimes."

"The court must condemn the father of a family. As emphasized by your lawyers, a sentence of imprisonment will have the effect of penalizing young, innocent victims," he said. "Still, even if your family situation becomes worse as I do my job, it is not a factor that would justify reducing a sentence that is otherwise deserved."

He noted that it was the first time a judge had pleaded the danger he faces should he be sent to prison, perhaps even to live alongside people he helped put there, but it has been argued many times before on behalf of police officers who are found guilty of serious crimes – all to no avail.

Pateras, who had asked for prison time even if the sentence was less than two years, thus leaving open the possibility that it could be served in the community, said he was satisfied.

"It's sending a message to others who are tempted to do the same thing," he told reporters outside the court.

Defence counsel Claude Girouard had little to say, except to point out that the conviction was being appealed.

Patricia Flahiff, who has been classy and stalwart in support of her husband, said they'll get through this.

"We're a brave family," she said. "Robert's a soldier. He gets up every day."

The past year has been difficult, she continued, but friends and acquaintances showed their support in innu-

al bouncer who is currently serving a 17-year prison sentence in the U.S., testified that he met Flahiff in 1986, when an employee of Larue named Richard Gagné was arrested while crossing the border into the U.S.

He said he paid Flahiff $25,000, with the mandate to get back the money seized by U.S. authorities.

The transcripts have Larue incriminating both Flahiff and Lavoie in the transfer of $1.675 million to an account in Switzerland, then back again to Canada, through banks in Bermuda, Hong Kong, Toronto, Laval and Montreal.

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BANKING AFTER HOURS

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On Monday, a judicial inquiry on the Flahiff case requested by federal Justice Minister Anne McLelland and headed by Joseph Daigle, chief justice of New Brunswick – is to open hearings.

McLellan sent the matter to the judicial council even though she could have bypassed it, moving instead to

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Laurent Blvd. branch, having obtained at least two SBLA loans there himself.

tapes of R&B singer Gary U.S. Bonds.

And he was friendly with branch manager Faubert. He said he helped Faubert join the Cedarbrook Golf Club, where Barry was a member, paying Faubert's $500 initiation and arranging payment of some other fees.

"The only thing I paid there for him was $500 for the initiation, not for his membership," Barry said. "His membership, he gave me the money, and we wrote a cheque to Cedarbrook. And that was at Denis's request.

"Denis was straight ahead. He never got any money from me."

Barry and Faubert both resigned their memberships in Cedarbrook in the fall of 1995, shortly after a National Bank investigator visited the golf club, though Barry later rejoined. Bank officials said their investigator made checks after Revenue Canada agents passed on allegations of irregularities in the group of loans.

A National official said the bank checked and found Faubert had repaid any amounts Barry paid for the golf club. Faubert refused this week to comment on it, saying the bank had asked him not to. He did say Barry "was a client of the branch, period."

Faubert also said he was at the St. Laurent Blvd. branch for only two loans related to Barry and Lallouz, having left the branch in June 1994 to work at the bank's head office.

Documents obtained by *The Gazette* show Faubert corresponded with Barry about an SBLA loan months after that date, however. When Eddie Shum sought financing for a trading-cards shop, Jumbobear Sports Cards (which went broke in 1995), Barry helped. In a handwritten fax Faubert sent to Barry on Oct. 24, 1994, Faubert instructs Barry to have his bookkeeper, Lyndon Maither, rework optimistic figures.

"Have Lyndon correct, so it makes sense," he wrote. "I do not need an increase in profit to obtain approval."

Faubert and Barry had started doing business with each other earlier, and Barry obtained an SBLA loan in 1993 to renovate Vitapro's Mount Royal Ave. offices. In 1994, Barry moved to Vitapro's tonier offices on Redpath Row, where he also lived until recently.

That same year, Barry formed another company, 3104-2922 Quebec Inc., to produce a record and video for early-'60s party-record singer Gary U.S. Bonds.

Bonds, a longtime friend of Barry and an investor in Vitapro Foods, had enjoyed a string of R&B hits from 1960 to 1962, and a brief comeback when Bruce Springsteen wrote and produced his 1981 hit This Little Girl is Mine. But his career had languished since, and even his lounge performances were rare.

When Barry asked for a loan to produce a new Bonds record and video, however, Faubert approved a total of $225,000.

Bankers didn't notice that Claude Difazio and Barry claimed the same computers.

A bizarre series of transactions involving Bonds master tapes followed, in which Barry gave away tapes to Bonds, then bought tapes from Bonds for $100,000, and then received $56,000 from Bonds. Barry confirmed the transactions occurred.

- Another company owned by Barry, Yank Barry Productions, had already owned a set of Bonds master tapes that were sitting at Master Sound Studios in New York. Yank Barry Productions had once valued the tapes on its books at $100,000, but had since written them off as worthless.
- In 1994, the National Bank approved the loan to Barry's new company, 3104-2922 Quebec Inc., to produce a Bonds recording.
- At about the same time, Barry gave the Master Sound Studios tapes away to Bonds.
- Barry's numbered company then purchased a set of master tapes of Bonds's recordings from Bonds's company, GLA Music, for $100,000. The National Bank issued the cheque to GLA Music under the SBLA loan.
- A few days later, GLA Music sent Yank Barry Productions a cheque for

the sessions at De Studio, or whether it had invested any money in the record project. Yank Barry was the producer and his company "more than likely" paid for the sessions, Bonds said.

A Bonds compact disc was produced, but Barry said he could not find a record distributor for it, and he used the CDs as a promotion for Vitapro Foods.

Barry's numbered company defaulted on its loan, and the bank sued Barry for the $20,000 personal guarantee on the loan. The bank found little else it could collect. The assets Barry had bought with the SBLA loan were the master tapes – five reels of Gary U.S. Bonds belting out chestnuts like Youngblood and Search and Seize Her – which now stood as collateral.

The federal government paid the bank $169,649 for its losses.

Yank Barry Productions had been involved in a Lallouz loan, as well.

When Lallouz set up a company, 9004-9679 Quebec Inc., to operate a conference centre in Complexe La Source financed by an SBLA loan, the first cheque the National Bank issued under the loan was to Yank Barry Productions: $44,157.66 for a commercial video that was never produced.

The bank issued a cheque to pay the invoice from Yank Barry Productions, but that same day, Barry issued a credit note to Lallouz. He returned the money, but instead of going to the conference-centre company, it went to 3093-8013 Quebec Inc. – the company Lallouz used to pay personal expenses.

"I verified with my accountants first that there was nothing illegal about it, nothing extraordinary about it, and I notified the bank," Barry said.

Barry insisted he notified Pat Romanelli, another banker at the St. Laurent Blvd. branch, that the money had been returned. But Lallouz did not return the money to the bank. Romanelli declined to comment.

The cheque register Lallouz kept for that account records that a cheque written to cash for $9,000 that day, and another for $7,000 the next day, were to obtain cash to be paid to Yank Barry. Barry said he did not receive those sums.

Aside from Lallouz and himself, Barry linked other potential borrowers with bankers at the St. Laurent Blvd. branch. One did not default: Donald Picard launched a company that produced plastic replicas of Harley-Davidson motorcycle engines. He said recently he repaid his loan.

Another one of Barry's friends, Claude Difazio, borrowed $167,000 under the SBLA program for a satellite-dish service company, Satellite Specialist, also known as 2804824 Canada Inc.

Difazio's application was certainly not a banker's dream: tax collectors had taken him to court in 1993 seeking unpaid taxes. But the loan was approved.

As the money was paid out to suppliers, bankers at the St. Laurent Blvd. branch apparently did not notice some questionable assertions about some of the equipment purchased, which included a series of computers and accessories.

A claim on that same equipment – with the same serial numbers – was also registered by the bank for a loan taken out by Yank Barry Productions, records show.

Barry said his bookkeeper, Lyndon Maither, had sold computers to both companies, and must have misidentified them on invoices. However, Maither, who eventually left Barry's employ and went to Revenue Canada to allege that Barry and associates misused the loan program, said Satellite Specialist ordered the equipment but then canceled the order, so he issued a credit note.

Satellite Specialist defaulted on its loan in 1995. In 1997, the federal government paid the National Bank $117,175 for its losses.

✣ MONDAY: $3 million in losses – on hot dogs.

FLAHIFF

Continued from Page A1

Another condition was that he hand over his passport to the RCMP.

He is expected to be present on Monday morning at the courthouse when a three-member inquiry panel struck last month by the Canadian Judicial Council begins a hearing on whether he can continue on the bench in light of his conviction. He is to continue to collect his $175,800 salary in the interim.

The courtroom was packed for the sentence hearing, with such a surfeit of reporters that the overflow sat in the jury box. Television cameras tracked and crowded Flahiff and his wife, Patricia, as they strode down the corridor to Room 6.02.

He said he was feeling fine.

The couple took seats next to each other and held hands, but not for long: as soon as Boisvert entered, he asked Flahiff to move to the prisoner's dock.

It was the first time since the trial began last October that Flahiff has sat in the enclosure. It was a symbolic gesture; he was finally being singled out, sitting alone, in full view of the room, legs crossed, hands clasped, all eyes on his countenance as Boisvert read his 32-page decision.

Impassive at first, his face occasionally crumpled during the next 45 minutes as the judge methodically reviewed and dismissed defence arguments for a more lenient sentence, including the toll the past few years have taken on his family and the danger he faces if, as a former judge on the criminal-court bench, he was sent to prison.

EXEMPLARY LIFE

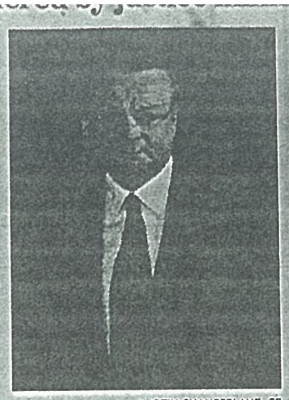
He granted that Flahiff, 51, who was appointed to the bench in 1993 after a long career as a defence lawyer, has led an exemplary life, save for the money-laundering, and that there is little chance he would reoffend.

But that did not alter the fact that Flahiff was a lawyer when he committed the infractions between 1989 and 1991, acting on behalf of a drug-dealer client named Paul Larue, who was arrested in the U.S. in a cocaine sting and turned stool pigeon, he noted.

While one could understand if a lawyer committed a crime because of a blunder or an excess of zeal, Boisvert continued, it is difficult to be as forgiving in Flahiff's case, where the counsel actually plans and suggests the crime, and uses his acquaintances and professional contacts to further it.

Boisvert dismissed outright a claim that intense media scrutiny was punishment enough, and said the long gap between the beginning of the investigation in 1993 and the laying of charges four years later did not represent a prejudice for the accused.

Boisvert softened his tone somewhat as he spoke of Flahiff's wife and three children, whom he called "innocent and indirect victims of his crimes."



MARTIN CHAMBERLAND, CP

Robert Flahiff walking to court.

"The court must condemn the father of a family. As emphasized by your lawyers, a sentence of imprisonment will have the effect of penalizing young, innocent victims," he said. "Still, even if your family situation becomes worse as I do my job, it is not a factor that would justify reducing a sentence that is otherwise deserved."

He noted that it was the first time a judge had pleaded the danger he faces should he be sent to prison, perhaps even to live alongside people he helped put there, but it has been argued many times before on behalf of police officers who are found guilty of serious crimes – all to no avail.

Pateras, who had asked for prison time even if the sentence was less than two years, thus leaving open the possibility that it could be served in the community, said he was satisfied.

"It's sending a message to others who are tempted to do the same thing," he told reporters outside the court.

Defence counsel Claude Girouard had little to say, except to point out that the conviction was being appealed.

Patricia Flahiff, who has been classy and stalwart in support of her husband, said they'll get through this.

"We're a brave family," she said. "Robert's a soldier. He gets up every day."

The past year has been difficult, she continued, but friends and acquaintances showed their support in innumerable ways. She recalled one neighbour whom she didn't know very well coming over with a bouquet of flowers just because she knew the Flahiffs were going through a hard time.

Flahiff was first arraigned in Quebec Court in August 1997, along with a Laval civil lawyer, Gérald Lavoie, on charges that they laundered $1.675 million between 1989 and 1991.

(Lavoie won a motion earlier to be tried separately on grounds that he wants to call Flahiff, who never testified in his own defence, as a witness.)

Drug-dealer Larue, a former Montreal bouncer who is currently serving a 17-year prison sentence in the U.S., testified that he met Flahiff in 1986, when an employee of Larue named Richard Gagné was arrested while crossing the border into the U.S.

He said he paid Flahiff $25,000, with the mandate to get back the money seized by U.S. authorities.

The transcripts have Larue incriminating both Flahiff and Lavoie in the transfer of $1.675 million to an account in Switzerland, then back again to Canada, through banks in Bermuda, Hong Kong, Toronto, Laval and Montreal.

In his judgment last January, Boisvert noted that Larue was not above lying if it was in his interest to do so, including not telling Montreal Urban Community police investigators in 1993-94 that his wife, Lise Veilleux, had been present when he gave money to Flahiff and Lavoie.

"If he testified, it wasn't out of altruism," the judge noted. "Larue's interest in incriminating the accused is evident.

"From 1994, (former MUC Det.-Sgt. Kevin McGarr) had mentioned that Larue had offered this information like a trophy, something that would reduce his sentence."

BANKING AFTER HOURS

Still, it was corroborated by the paper trail and other signposts Flahiff left behind him, which included three after-hours visits he paid to his Bank of Montreal branch between February and June 1989, laden with cash he carried in a soft-sided satchel.

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On Monday, a judicial inquiry on the Flahiff case – requested by federal Justice Minister Anne McLelland and headed by Joseph Daigle, chief justice of New Brunswick – is to open hearings.

McLellan sent the matter to the judicial council even though she could have bypassed it, moving instead to have Flahiff dismissed by tabling a motion before the Commons and the Senate for debate and a vote, as is allowed by Section 71 of the Judges Act.

Since the council was formed in 1971, the closest it has ever come to removing a judge was in September 1996, when it recommended that Jean Bienvenue be fired from the Quebec Superior Court bench for making unacceptable remarks about women and the Holocaust during a trial.

Before Allan Rock, then justice minister, had a chance to respond to the recommendation, Bienvenue resigned.

Both judges went too far: professor

McCLUNG

Continued from Page A1

L'Heureux-Dubé gave McClung a severe dressing-down Thursday for his comments in a February 1998 ruling in which he acquitted Steve Ewanchuk of sexual assault.

Among other things, he said that the victim was not wearing "a bonnet and crinolines" and Ewanchuk's "clumsy passes" were "less criminal than hormonal."

The Supreme Court unanimously overturned McClung's judgment. L'Heureux-Dubé and Justice Beverley McLachlin wrote separate opinions so they could take on McClung. L'Heureux-Dubé, in an opinion supported by Justice Charles Gonthier, was particularly severe.

Although there were plenty of private musings among judges that McClung's counter-attack went too far, he also had his supporters.

Reform Party justice critic John Reynolds suggested L'Heureux-Dubé provoked McClung, a longtime judge who got in a tangle with the high court last year when it confronted him for his stand against judicial activism.

"If a judge can be that frustrated with the judicial system, just think of how average Canadians must be frustrated," Reynolds said. "I don't think he needs any investigation at all. An investigation because somebody speaks their mind is terrible."

Ted Morton, a University of Calgary political scientist, said both McClung and L'Heureux-Dubé went too far.

"I think they are both equally out of line," said Morton, who has, in the past, praised McClung for his support of parliamentary supremacy.

"A Supreme Court justice should not have used a judgment to criticize a lower-court judge, and I'm sure that's what's provoked him to respond.

"Both incidents are predictable consequences of what happens when judges start playing politicians."

One key person who refused comment was Chief Justice Catherine Fraser of the Alberta Court of Appeal. She is both a personal friend of L'Heureux-Dubé and McClung's boss.

Fraser strongly disagreed with him in the Ewanchuk acquittal and issued a stinging dissent of her own.

When Prime Minister Brian Mulroney appointed L'Heureux-Dubé to the high court, she won wide praise across the political spectrum because she was considered a respected jurist with no known political ties.

She worked as a lawyer, practicing family law, before she was appointed to the Quebec Superior Court in 1973. She rose to the Court of Appeal in 1979, one year after the death of her husband, a professor of metallurgical engineering at Laval University.

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MONDAY SPORTS Flames trade Theoren Fleury to Avalanche. **C1**

WORLD Israel bombs Lebanon after roadside blast kills general. **B1**

MONTREAL **The Gazette** SINCE 1778

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Lewinsky 'driven to the point of suicide'

The former White House intern confesses in an interview that she was going to fling herself from the tenth floor of the hotel where she first encountered Ken Starr's agents.

HILARY MACKENZIE
Southam News

WASHINGTON – Monica Lewinsky says she was "driven to the point of suicide" and thought of "ending it all" by jumping from the tenth floor of the hotel complex where she was first accosted by independent counsel Kenneth Starr's agents.

In an interview with Jon Snow, Britain's Channel 4 newscaster, the former White House intern describes how a year ago she was going to fling herself through a glass roof below the balcony that led from a pair of glass doors of Room 1012 at the Pentagon's Ritz Carlton Hotel.

"She felt that would do the trick," Snow told Southam News in an exclusive interview in advance of this week's British telecast and ABC's Barbara Walters 20/20 interview.

Placed under a "self serving constraint" order by Starr that forbade her to mention him or his officials by name or describe what they did, Snow said Lewinsky, nonetheless, reveals "plenty of venom" for the aggressive prosecutor and his agents.

"He can't control her emotions and feelings of veritable terror, fear, paranoia and terrible distress," Snow said after an eight hour interview with the 25-year-old Lewinsky in the sitting room of her mother's top-floor apartment in Manhattan overlooking Central Park.

"Clearly, she suffered," Snow added. "She was driven to absolute desperation."

Lewinsky tells Snow how her world closed in on her. Friends and family would not talk to or meet with her for fear of being subpoenaed. If they telephoned her, they became paranoid about being taped and short-circuited the conversation.

Please see INTERVIEW, *Page A2*

WORKING MOMS' KIDS

Job does no harm – study

PAUL RECER
Associated Press

WASHINGTON – Children of women who work outside the home suffer no permanent harm because of their mother's absence, according to a study that evaluated the development and health of more than 6,000 youngsters.

"I found there was no difference between children whose mothers were employed vs. children whose mothers were not employed during the first three years," said Elizabeth Harvey, a psychologist at the University of Massachusetts at Amherst. "Being employed is not going to harm the children."

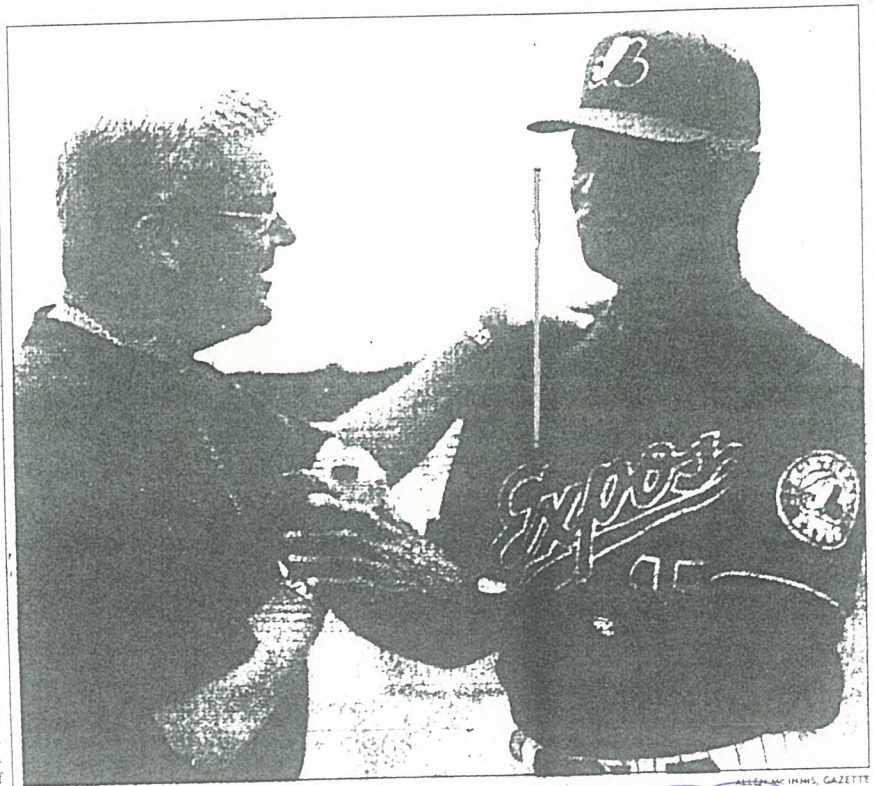
Harvey's study, published in the March issue of the journal Developmental Psychology, came to a different conclusion than some earlier studies of the same group of children. The new work examined the children at a later age, 12 years old.

This suggests, said David Eggebeen of Pennsylvania State University, co-author of an earlier study, that problems detected in children of working mothers at age 3 and 4 might have gone away by the time the children were 12.

"Harvey's study suggests that the number of hours spent away from home is not as important as the quality of parenting," said Lindsay Chase-Lansdale, an associate professor of human development at the University of Chicago.

Please see CHILDREN, *Page A2*

Ménard balks at D-day



ALLEN MCINNIS, GAZETTE

Expos minority owner Mark Routtenberg is greeted by manager Felipe Alou at the team's spring-training headquarters in Jupiter, Fla., yesterday. Routtenberg is working with a group to keep the Expos in Montreal.

Expos won't be leaving town come Saturday, chairman says

STEPHANIE MYLES
The Gazette

JUPITER, Fla. – When the city awakens next Sunday, the day after Major League Baseball's drop-dead date, there will no sudden end to the Expos' 30-year reign in Montreal, team chairman Jacques Ménard said yesterday.

"There will be no parting of the St. Lawrence. There will be no lunar eclipse. The sun will rise in the east and set in the west," Ménard said yesterday at a press conference at the Expos' spring training camp in Jupiter, Fla.

This despite the leaking of two confidential letters at the end of last week, which have raised conflicting theories on what exactly will happen when baseball's deadline to come up with a new ownership group is reached Saturday.

Baseball's letter to Ménard, dated Feb. 25, said the deadline remained firm, but baseball "would continue to work closely with you and your group through the next several weeks to try and move the process along," while reiterating baseball's continued commitment to saving the game in Montreal.

Another letter, dated Feb. 4 and addressed to Ménard and general partner Claude Brochu, was revealed by Radio-Canada reporter Daniel Poulin late Friday night.

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$3 million worth of hot dogs

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WORLD

Nigeria elects ex-ruler but rival calls fraud

Nigeria's ex-military ruler, Olusegun Obasanjo, appears to have easily won election as a civilian president. But his opponent, Olu Falae, rejects the vote as fraudulent. *Page A13*

MONTREAL

Still no Bell pact

Negotiations intensify, but no agreement is reached between Bell Canada and the union representing 10,000 telephone employees in Quebec and Ontario. *Page A3*

NATION

Too old to oust

Saying he's too old to organize a putsch, former premier Jacques Parizeau declares he is not interested in taking over the leadership of the Bloc Québécois. *Page A7*

MONDAY BUSINESS

Last call for RRSPs

Some financial institutions will be open late tonight, because we have until midnight to make tax-sheltered retirement-plan deposits for the 1998 tax year. *Page F3*

$3 million worth of hot dogs

String of bankruptcies an all-dressed fiasco for taxpayers

ROD MACDONELL and CAMPBELL CLARK
The Gazette

In a province where frites and hot dogs are king, it defies the imagination that a greasy spoon could sell a record number of hot dogs – and still go bankrupt.

But that's what happened to Jacques Lemoine, who pulled the plug on his Valentine hot-dog franchise in the early 1990s despite selling 400,000 hot dogs in one year from his tourist-friendly location on St. Jean, the main street in Quebec City's historic old quarter.

Lemoine's was one of 53 Valentine bankruptcies since 1989 that *The Gazette* has uncovered across the province, from Montreal to Rouyn-Noranda, and from Aylmer to Sept-Îles.

Each bankruptcy represents a dashed dream for a restaurant owner, and pools of red ink for suppliers.

But most of them hit the National Bank and Canadian taxpayers, too.

The National Bank financed 43 of the franchises that have gone under since 1991, most of them through the federal government's Small Business Loans Act program.

And under the program, taxpayers are on the hook for most of the bank's losses if a business defaults on a loan.

So far, the federal government has reimbursed the National Bank for 30 loans to Valentine franchises that went bankrupt. It has also reimbursed a caisse populaire and the Bank of Montreal for two other Valentine loans. It all adds up to a tab of $3,083,302 for 32 Valentine bankruptcies.

> **"If you have a franchiser churning or losing that many franchises, that is scary."**
> *Expert Gordon Metcalfe*

Another 21 Valentine bankruptcies have not, or not yet, been forwarded to the federal government for reimbursement.

Some bankruptcies are inevitable: there is ferocious competition in the fast-food business. From McDonald's to Harvey's, from Burger King to Subway to Pizza Hut, and numerous other franchise operations – a lot of restaurants are chasing a limited number of consumer dollars.

Despite the inevitable casualties of fast-food wars, however, Valentine's level of bankruptcies is unprecedented, said Gordon Metcalfe, an expert in the food-franchising field.

"If you have a franchiser churning or losing that many franchises, that is scary. I have never heard of anything like that."

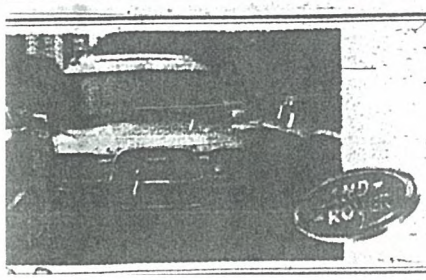
At the Royal Bank, the delinquency rate of loans to fast-food franchises is about one to 2 per cent, said André Cameron, the Royal's manager of franchising/business banking.

It's hard to say what the Valentine bankruptcy rate is, because Valentine president Jean-Pierre Robin refused to give *The Gazette* firm numbers on outlet openings and failures. But other information indicates Valentine has tried opening 86 restaurants since 1991 (when it had 69) – and 44 outlets have gone belly up.

The Small Business Loans Act exists to make it easier for small entrepreneurs to get bank financing. It urges the banks to lend money to business ventures with a little more risk, but a reasonably high chance of success.

In the case of Valentine hot-dog franchises, there were plenty of signs of failure rather than success.

Please see HOT DOG, Page A11



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Valentine franchises kept going bankrupt, but the National Bank kept lending money to open new ones – with taxpayers picking up a big portion of the tab

Hot-dog loans are toast

Continued from Page A1

If anyone at the National Bank was monitoring the Valentine loans, he or she should have spotted a worrisome trend several years ago, according to figures provided to *The Gazette* by Industry Canada, which runs the Small Business Loans Act program, commonly called the SBLA.

The government reimbursed the National Bank for loans to three Valentine outlets that went under in 1991, three in 1992, none in 1993, three in 1994 and seven in 1995.

By then, a total of 16 Valentine franchises had gone under.

Monitoring such a pattern should have been easy for the National Bank. Almost all the loans were approved through its Saint-Hyacinthe branch. But the bank was undeterred and kept approving new ones.

Nine more franchises went bust in 1996 and another five in 1997. The federal government picked up those losses, too.

Four more went under in 1998, but it is too early to know if the government is on the hook for them.

The sheer magnitude of failures over the years put Valentine "in a league of its own," said Metcalfe, the fast-food-business consultant.

His firm, Horwath Francon of Toronto, has a database of 4,300 franchises across North America, enabling it to track winners and losers and spot new trends in the various service industries where franchising has become popular.

"Everybody has bad locations, from McDonald's on down, that close some (restaurants) down or re-site them, but that (Valentine's failure rate) is extraordinary."

Metcalfe said it raised the question of why the National Bank continued lending money to new franchisees.

"It's the National Bank that is not doing its due diligence properly," he said.

"We have a bank manager (in Saint-Hyacinthe) who knows what is going on, with 30 bankruptcies that initiated from his loans, and he continues making them loans."

The federal auditor-general expressed concern in a 1997 report that it's difficult to verify whether banks using the SBLA "make lending decisions with the same degree of due care and diligence as they do with their other loans that are not guaranteed under the program."

National Bank spokesman Jocelin Dumas insisted the bank acted "responsibly" in all its Valentine loans and all the loans met SBLA rules.

"There are no irregularities in all this," he said.

Dumas said the bank did not judge SBLA loans in the same way as loans not guaranteed by the federal government.

"Given that there's a guarantee, it's obvious that we will accept loans that are slightly more risky than we otherwise would. That's the very objective of the program."

He said the bank evaluated the risk in all of the Valentine loans and found it to be reasonable.

But he could not explain the high number of loan defaults, noting that the restaurant sector is relatively risky.

Robin, Valentine's founder and president, said the fast food chain pursued a course of rapid expansion, perhaps too rapid.

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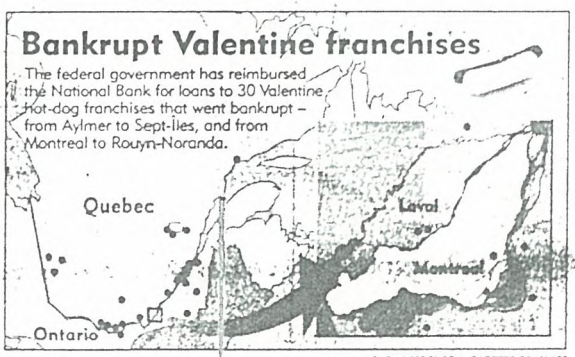


JACQUES BOISSINOT, CP

Yanick Margry tried to make a go of a Valentine hot-dog franchise in Vanier, a suburb of Quebec City.



Jean-Pierre Robin: Expanded too quickly, Valentine president admits.



SUSAN FERGUSON, GAZETTE GRAPHICS

The Small Business Loans Act

■ The SBLA is run by Industry Canada to make it easier for small businesses to get bank financing and create jobs.

■ The federal government guarantees to cover most of the losses suffered by a bank if a small business defaults on a loan registered under the act.

THE MONEY INVOLVED

■ $10 billion lent by the Big Five chartered banks and the National Bank in federally guaranteed SBLA loans between April 1, 1993, and March 31, 1998. Other financial institutions, including caisses populaires and Alberta Treasury branches, also lent money.

■ $404 million paid out by the federal government to the banks for losses on defaulted loans in that time. Other financial institutions also received government reimbursements.

THE NATIONAL BANK

■ Lent out $1.3 billion under the SBLA program between April 1, 1993, and March 31, 1998. (The total had reached $1.4 billion by Sept. 22, 1998.) Canada's sixth-largest bank, it has lent out as much in Quebec as the Big Five banks combined.

■ Collected $112 million from the federal government in that time for SBLA loans that defaulted. (It had collected $130 million by Sept. 22, 1998.)

■ The only bank to break through the generous limit the federal government set on losses it would cover, according to bank officials: 10 per cent of a bank's total SBLA lending.

ond with 468 bankruptcies, 31 per cent of the national total.

With so many restaurants here, carrying out a market study of a proposed site is essential in avoiding bankruptcy, explained Hans Brouillette of the Association des Restaurateurs du Quebec.

Valentine is at the low end in the world of restaurant franchising, the most expensive kind of franchise is a McDonald's, which costs between $1 million and about $1.5 million.

But even a low-end restaurant requires a market study, said Georges Sayegh, a Quebec based franchise expert.

Such a study, he said, should "at least" include "the kind of roads passing by the restaurant, the volume of automobile traffic, the direction it flows and the aver-

eral government $59,000.

"I sold 400,000 hot dogs a year, but it was not enough to make a profit," he told *The Gazette*.

"No Valentine restaurant had ever sold that many hot dogs in a year."

Lemoine said he had several grievances with Valentine, including the market study he was handed by Normand Brouillard, who ran what the company calls a master franchise for Quebec City, a type of mother outlet that could spawn its own Valentine franchises. Brouillard has since been bought out by company president Robin.

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cess managing a family-style restaurant would ensure new success as his own boss.

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Margry needed $6,000 a week in sales just to break even.

"But you need advertising. You need marketing support. You need to be competitive with all the giants competing with you."

Valentine didn't provide that support, Margry pointed out. And all he could muster was about $2,500 a week in sales.

"The average bill for a customer in a Valentine is $4 to $4.50. So a lot of people must come through your restaurant to sell for $6,000

But "you don't spend $100,000 on a market study for a restaurant that costs $150,000."

Most chains have had problems, particularly in the past three or four years, Robin said.

"Red Lobster has closed all its outlets in Quebec," he noted, and he mentioned several other chains that he said have had problems in this province.

Robin did not mention two Quebec hot-dog chains, La Belle Province and Lafleur, that have not closed any outlets.

Les Restaurants D. Lafleur Inc. owns 18 outlets in the Montreal area, though they aren't franchises. Despite stiff competition in the past several years, the chain has held firm, said owner Jacques Vinet: no Lafleur restaurants have closed, and no new ones have opened.

And La Belle Province is growing, with 125 restaurants around Quebec. No outlets have gone bankrupt since one in 1987 in Drummondville.

La Belle Province is not a franchise operation as such; it is a cluster of five or six groups of owners, many of them relatives of founder Denis Kivetos. Owners of new restaurants are recruited from the ranks of diligent employees, said Costas Kivetos, a cousin of the founder and an investor in 13 outlets, some of which he owns entirely and others where he is a shareholder.

Robin said Valentine had particular problems, because owners did not invest large sums in their companies and so carried heavy debt loads.

Former franchisees told *The Gazette* that Valentine invoked the federal small-business loans as a selling point when they were negotiating with the company, and Robin agreed the loans are important.

But Valentine began running into problems, he said, when the ceiling for the loans went up from $100,000 to $250,000 in 1993.

Landlords took advantage, he said, by no longer assuming the cost of preparing a premise for rental as a restaurant, telling tenants to pay for the improvements themselves. So instead of costing $100,000 for a Valentine restaurant, it cost $200,000.

Under the SBLA program, entrepreneurs can borrow 85 per cent of the money their business will spend (it was 100 per cent for a while), while putting up a personal guarantee of no more than 25 per cent.

If the business fails, the entrepreneur is liable only for the amount of the personal guarantee, not for the full company debts. The federal government reimburses the bank for its other losses on the loan.

Yves Desjardins also got an SBLA loan for his Valentine outlet in Mont-Laurier. He went bankrupt in 1996 but was able to reopen in the same location. "After four years, my restaurant is profitable," he said.

"Let's face it, the governments give money to the rich people, so sometimes they have to give some to others. I benefited (from an SBLA loan), but it did not really help me."

Desjardins, like a few other failed franchisees *The Gazette* contacted, said he has no problems with Valentine. "Valentine has technical people who come to talk to me" about running the franchise, he said.

How do federal administrators feel about the Valentine story?

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He said the bank evaluated the risk in all of the Valentine loans and found it to be reasonable.

But he could not explain the high number of loan defaults, noting that the restaurant sector is relatively risky.

Robin, Valentine's founder and president, said the fast-food chain pursued a course of rapid expansion, perhaps too rapid.

"When we took a step back, we realized we had made mistakes," Robin said.

"Today, we make fewer errors. We are not seeking to develop as aggressively."

> **"When we took a step back, we realized we had made mistakes. Today, we make fewer errors."**
>
> *Valentine's Jean-Pierre Robin*

Valentine, a privately owned company that Robin founded 20 years ago in Saint-Jean-sur-Richelieu and is now based in Saint-Hyacinthe, owns the name and logo under which franchisees operate their outlets. There are now 111 restaurants.

Franchisees pay Valentine anywhere from $25,000 to $50,000 to be a member of the chain.

Robin declined to discuss specific dollar figures for Valentine. But based on 86 restaurant openings since 1991, the company has collected $2.15 million in franchise fees.

Franchisees also have to pay Valentine 5 per cent of their annual sales, called a "royalty," and they are obliged to buy all their food and supplies from the chain.

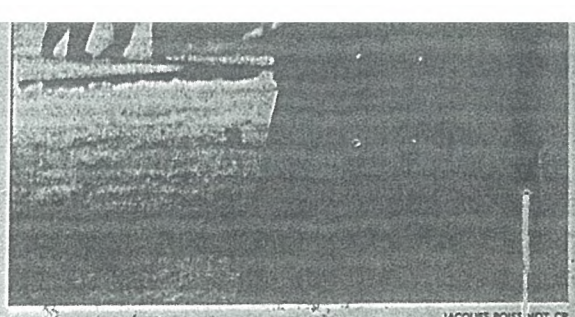
Why did Valentine franchises have such a high failure rate?

Certainly, anyone seeking to open a restaurant in Quebec should be aware that competition is ferocious.

Quebec has the most restaurants per capita in Canada: 23.6 for every 10,000 residents, compared with 19.2 in Ontario.

Quebec also had the most bankruptcies in 1997 in the food-service sector: 635 bankruptcies, or 37 per cent of the national total.

That includes caterers, take-out restaurants, licensed and unlicensed restaurants. Ontario, with almost twice Quebec's population, came second with 468 bankruptcies, 31 per cent of the national total.



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But even a low-end restaurant requires a market study, said Georges Sayegh, a Quebec-based franchise expert.

Such a study, he said, should "at least" include "the kind of roads passing by the restaurant, the volume of automobile traffic, the direction it flows and the average speed of the traffic, accessibility, visibility of the restaurant, the visibility of the restaurant's sign (because in some cities you cannot put up a sign or you cannot see it if it's dark), availability of parking, pedestrian traffic, public transit, side of the street – is it sunny?"

All this will help to determine whether a site is viable, as well as its likely revenues, Sayegh said.

A few bankrupt Valentine franchisees contend that the company's market studies were either inadequate or nonexistent.

Dumas of the National Bank declined to answer when asked by *The Gazette* whether Valentine borrowers always provided the bank with market plans before getting loans. Valentine president Robin insisted studies were done for each location.

Records for almost all of the 53 Valentine bankruptcies found by *The Gazette* stated that the outlets failed because they simply were not generating enough income.

Valentine has claimed in past interviews with financial publications that the average annual sales of an outlet come to $300,000, and that an owner can expect to earn 12 to 15 per cent of his total sales, which translates to $36,000 to $45,000.

Those claims might be true for the successful hot-dog restaurants, but not for those that went under.

Lemoine's Valentine, just inside the walls of Quebec City's historic quarter, suffered a bankruptcy that cost the federal government $50,000.

"I sold 400,000 hot dogs a year, but it was not enough to make a profit," he told *The Gazette*.

"No Valentine restaurant had ever sold that many hot dogs in a year."

Lemoine said he had several grievances with Valentine, including the market study he was handed by Normand Brouillard, who ran what the company calls a master franchise for Quebec City, a type of mother outlet that could spawn its own Valentine franchises. Brouillard has since been bought out by company president Robin.

Lemoine said the market study was misleading and seemed to have been "whipped up pretty fast."

"Its purpose seemed to have been to get us to buy (a franchise)."

Lemoine said he lost "$50,000 cash plus the time my wife and I put into the place, which is worth about double that," and he had a partner who lost $10,000.

His bankruptcy also cost creditors of his restaurant about $53,000.

"You work like a fool and you don't make any money. The staff was better off – at least they earned a salary," Lemoine said.

When Lemoine realized he was headed for trouble, there was no help from the franchiser, he recalled bitterly.

"After we had signed the cheques to Valentine, their attitude was, 'Deal with your own problems.' We had some help from the franchise when we got the restaurant going, but that was all."

Yanick Margry had been operating his Valentine franchise for six months when he realized that the pedestrian and automobile traffic near his location in Vanier, a suburb of Quebec City, would not be anywhere near sufficient to draw in enough customers. He, too, bought the franchise from Brouillard, the man who used to be in charge in the Quebec City area.

"There were no market studies," Margry said. "What they did is they would assure you that you would be protected in your sector," meaning Valentine would not sell new franchises too close to Margry's location.

"But they (nonetheless) opened so many restaurants that they were too close together," he claimed.

Indeed, bankruptcy records show that numerous Valentine franchises were opened in the greater Quebec City region.

Margry also faced competition from other fast-food outlets.

Just 26, Margry had bought the franchise confident that his previous success managing a family-style restaurant would ensure new success as his own boss.

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"The average bill for a customer in a Valentine is $4 to $4.50. So a lot of people must come through your restaurant to sell for $6,000 per week," he said.

Margry went under in 1995, owing the National Bank $154,000, which the bank did not recover from Ottawa.

> **"The governments give money to the rich people, so sometimes they have to give some to others."**
>
> *Franchisee Yves Desjardins*

Valentine president Robin defended his firm, saying he has seven people whose job is to support and advise franchisees.

"I have a director of marketing whose job is to prepare market studies. I have a lawyer on staff who looks after the negotiating of leases for franchisees, and I have a chartered accountant who prepares the business plans for the franchisees. And I have a person who oversees the construction work," Robin said in an interview at the company's office in Saint-Hyacinthe.

"We have always supported our franchisees. No one can say that we did not provide support to franchisees who came here for help. Were they all satisfied with the help we offered? I am not the judge of that."

He said Valentine's market studies are adequate and his firm knows the peculiarities of the Quebec market.

"We have a network (of outlets) throughout the province, and if I am going to open a restaurant in Sainte-Julie and business goes well, and then I am going to open another one, say in Boucherville – that's a town that resembles Sainte-Julie – so I can say that in that kind of market there is a certain kind of clientele with a certain level of income, with young kids."

His market studies also include a count of motorists and pedestrians who pass by the restaurant, Robin said.

Owners of new restaurants are recruited from the ranks of diligent employees, said Costas Kivetos, a cousin of the founder and an investor in 13 outlets, some of which he owns entirely and others where he is a shareholder.

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How do federal administrators feel about the Valentine story?

Paul-André Pichette of the SBLA program said it is not surprising the National Bank was lending to Valentine franchisees.

"Some banks have been more specialized in some sectors, the National Bank is more involved in the restaurant sector," he said.

When a series of franchises have financial difficulties, Pichette said, "it shows there is a big problem with those franchises."

But he said that doesn't necessarily mean there is a problem with the lender. He insisted that Industry Canada would not have reimbursed the National Bank for defaulted Valentine loans if it had "come to the conclusion that there had not been due diligence" by the bank.

Pichette acknowledged, however, that the agency could not be sure a bank was being diligent.

Under the SBLA program, a bank grants a loan without it being vetted in any way by the government, and the agency has no right of access to the bank's complete loan files.

For instance, the agency cannot find out if a bank had insisted that borrowers provide a business plan and market study.

But Pichette noted the SBLA program has been revamped and, as of April 1, agency officials will be able to visit banks and examine loan files before loans go bad to ensure that the bank acted prudently when it made the loan in the first place.

"In the future, if there is a problem like that one (Valentine), we will not have to continue on and analyze (the claims) on a case-by-case basis (after the fact)."

Bankrupt Valentine franchises

The federal government has reimbursed the National Bank for loans to 30 Valentine hot-dog franchises that went bankrupt – from Aylmer to Sept-Îles, and from Montreal to Rouyn-Noranda.



SUSAN FERGUSON, GAZETTE GRAPHICS

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11/06

COURSE/COURS					CREDIT GRANTED
NAME/SIGLE	NO. NUMÉRO	CR. HRS. CRÉDITS	DESCRIPTION/TITRE	GRADE/NOTE	CRÉDITS RÉUSSIS
SUMMER 1991					
ACCOUNTANCY	303	3.00	COST & MANAGEMENT ACCOUNTING	C	REPT
MANAGEMENT	475	3.00	BUSINESS LAW I	A+	3.00
MARKETING	350	3.00	MARKETING MANAGEMENT	C+	3.00
FALL 1991					
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BUSINESS COMM.	300	3.00	BUSINESS COMMUNICATIONS	C+	3.00
MANAGEMENT	460	3.00	BUSINESS POLICY I	B	3.00
WINTER 92					
ACCOUNTANCY	471A	3.00	SPECIAL TOPICS IN ACCOUNTING (PROFESSIONAL TAXATION)	A	3.00
MANAGEMENT	477	3.00	LAW-INSOLVENCY&SECUR TRANSAC	A	3.00

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Linda Healy

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Status	Dissolved
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Officers/Directors	LYNDON MARTHEL
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