

Court File No.:

FEDERAL COURT

BETWEEN:

CORADIX TECHNOLOGY CONSULTING INC.

-and-

FEDERAL COURT COUR FÉDÉRALE	
MAY 30 2013 2024	
FILED	DEPOSE
D Plaintiff	
OTTAWA, ON	

HIS MAJESTY THE KING IN RIGHT OF CANADA and THE ATTORNEY
GENERAL OF CANADA

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or a solicitor acting for you are required to prepare a statement of defence in Form 171B prescribed by the *Federal Courts Rules*, serve it on the plaintiff's solicitor or, if the plaintiff does not have a solicitor, serve it on the plaintiff, and file it, with proof of service, at a local office of this Court:

WITHIN 30 DAYS after the day on which this statement of claim is served on you, if you are served in Canada or the United States; or

WITHIN 60 DAYS after the day on which this statement of claim is served on you, if you are served outside Canada and the United States.

TEN ADDITIONAL DAYS are provided for the filing and service of the statement of defence if you or a solicitor acting for you serves and files a notice of intention to respond in Form 204.1 prescribed by the *Federal Courts Rules*.

Copies of the *Federal Courts Rules*, information concerning the local offices of the Court and other necessary information may be obtained on request to the Administrator of this Court at Ottawa (telephone 613-992-4238) or at any local office.

IF YOU FAIL TO DEFEND THIS PROCEEDING, judgment may be given against you in your absence and without further notice to you.

Date: May 30, 2024

Issued by: Nicholas Benford
(Registry Officer)

Address of local office: Thomas D'Arcy McGee Building
90 Sparks Street, Main Floor
Ottawa, Ontario, K1A 0H9

TO: The Administrator, Federal Court Canada
Thomas D'Arcy McGee Building
90 Sparks Street, Main Floor
Ottawa, ON K1A 0H9

AND TO: Attorney General of Canada
Department of Justice Canada
50 O'Connor Street, 5th Floor
Ottawa, ON K1A 0H8

CLAIM

1. The Plaintiff claims:
 - a. Compensatory damages in the amount of \$57,000,000;
 - b. General damages in the amount of \$5,000,000;
 - c. Special damages in an amount to be particularized prior to trial;
 - d. Aggravated damages in the amount of \$1,000,000;
 - e. Punitive damages in the amount of \$1,000,000;
 - f. Such interim and interlocutory relief necessary for the proper and fair adjudication of this matter as may be requested, and this Honourable Court determines to be appropriate, including, but not limited to, such procedural orders that may be necessary regarding scheduling to facilitate the just, most expeditious and least expensive determination of the proceeding;
 - g. Prejudgment interest and post-judgment interest pursuant to sections 36 and 37 of the *Federal Courts Act*;
 - h. Costs of, and incidental to this action, including disbursements, together with any applicable tax pursuant to the *Federal Courts Act* and the *Federal Courts Rules*; and
 - i. Such further and other relief as this Honourable Court deems just and appropriate.
- I. **The Parties**
 - A. **The Plaintiff – Coradix Technology Consultant Inc.**
 2. The Plaintiff, Coradix Technology Consultant Inc. (“**Coradix**”), is a corporation organized and existing under the laws of Ontario and maintains its registered office in Ottawa, Ontario.

3. Coradix is an Ottawa based company that was founded in 1995. Coradix has been supplying information technology (“IT”) consulting services to various federal departments, agencies and crown corporations since that time.
4. Coradix grew incrementally since its founding.
5. As of March 1, 2024, Coradix had 40 employees who were directly employed by Coradix and approximately 280 consultants. The consultants were under subcontracts with Coradix and were deployed in service of the contracts under which Coradix provided IT consulting services to various federal departments, agencies and crown corporations (the “**IT Consultants**”).
6. IT consulting firms, such as Coradix, provide an important bridge between expert technical resources and the federal government departments and agencies who need their services. IT consulting firms, such as Coradix, search out and put together the technical team needed to work on a government IT project.
7. In doing so, the IT consulting firms, such as Coradix, recruit and propose qualified resources at rates that are assessed by government through competitive solicitation processes. If awarded a contract, the IT consulting firm, such as Coradix, provides ongoing human resource and contractual management of the technical resources and provides quality assurance.
8. Coradix applied significant effort and resources to recruit and manage the IT Consultants in an effort to secure, and provide services pursuant to, government contracting opportunities.
9. As of March, 2024, Coradix had 81 contracts, including supply arrangements and other contracting mechanisms, in place to provide IT consulting services to various federal departments, agencies and crown corporations. The particulars of these contracts are described in Appendix “A”, attached hereto (the “**Contracts**”).

B. The Defendants and those for whom the Crown is responsible

10. The Defendant, His Majesty the King in Right of Canada (the “Crown”), is named in this claim pursuant to the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50., and the *Federal Courts Act*, R.S.C. 1985, c F-7.
11. The Crown is a party to the Contracts on the basis of being named as a party thereto or otherwise on the basis that the Contracts are between Coradix and an agent of the Crown. To the extent that a Contract is between Coradix as a subcontractor to another IT consulting firm that has a prime contract with the Crown, Coradix pleads that the prime contractor carried out suspensions or terminations described herein at the direction of the Crown and or his agents and servants.
12. The Crown is liable in contract and is liable for the acts and omissions of his servants and agents and the terminations affected by prime contractors as described herein.
13. The Crown has actual, constructive or imputed knowledge of the matters and facts known to its servants and agents.
14. The Defendant, the Attorney General of Canada, is named in this proceeding pursuant to section 23(1) of the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50 and on behalf of the Department of Public Works and Government Services Canada (“PWGSC”) and Shared Services Canada (“SSC”).
15. PWGSC is constituted under the *Department of Public Works and Government Services Act* (S.C. 1996, c. 16). Individuals working for and on behalf of PWGSC do so as servants and agents of the Crown. PWGSC is also known as Public Services and Procurement Canada (“PSPC”). PSPC is an agent and servant of the Crown.
16. SSC is constituted under the *Shared Services Canada Act* (S.C. 2012, c. 19, s. 711). Individuals working for and on behalf of SSC do so as servants and agents of the Crown. SSC is an agent and servant of the Crown.

17. The key government officials who carried out, directed or are otherwise responsible for the acts and omissions alleged herein are: PSPC Deputy Minister Arianne Reza; PSPC Associate Deputy Minister Michael Mills; PSPC Assistant Deputy Minister Dominic Laporte; PSPC Associate Assistant Deputy Minister Mollie Royds; SSC Assistant Deputy Minister Daniel Mills; and SSC Director General Patrick Comtois (the “**Officials**”). The Officials are servants and agents of the Crown. Unless otherwise stated reference to PSPC and/or SSC includes joint and several reference to the Officials.

C. The Contracts

18. The Contracts are between Coradix as supplier and the Crown on its own behalf or through agents or prime contractors that acted at the direction of the Crown and for whom the Crown is responsible at law.

19. PSPC or SSC are the “contracting authority” under the Contracts.

20. Various federal departments and agencies, including PSPC or SSC, are the “technical authority” and/or the “procurement authority” under the Contracts.

II. Suspension and Termination of Contracts

A. Suspensions

21. On March 5, 2024, Coradix received a letter from ADM Dominic Laporte suspending various Contracts and suspending Coradix from participating in future solicitations.

22. The letter stated:

In light of recent information regarding the ownership and Directors of Dalian Enterprises and Coradix Technology Consulting Ltd., and in view of the provisions found in Section 5: Conflict of Interest of the Code of Conduct for Procurement forming part of all of Supply Arrangements and contracts with Public Services and Procurement Canada (PSPC), this letter serves as notice of the immediate suspension of Coradix Technology Consulting Ltd.’s Supply Arrangements issued by PSPC. The following Supply Arrangements are impacted:

....

In addition, Coradix Technology Consulting Ltd. is also suspended from any and all business and solicitations issued by PSPC, either directly as a contractor, as part of a partnership or joint venture, or indirectly as a subcontractor at any tier. Please note that PSPC will be individually reviewing any existing contracts put in place by PSPC and any actions regarding these will be communicated separately.

This suspension will remain in effect until further notice. Note that any recent bids submitted by Coradix Technology Consulting, in response to the refresh of certain supply arrangements will not be considered in light of this matter, nor will any recent bids submitted under an active solicitation process.

The suspensions are in place until further notice.

23. This suspension suspended work under almost all of the Contracts effective March 5, 2023. Contracts that were not immediately suspended were subsequently suspended by separate correspondences providing the same, or a similar, justification for the suspension.

24. The suspension also excluded Coradix from pursuing contracting opportunities with the Crown that it would have otherwise pursued and, in the ordinary course of business, would have been awarded.

25. On March 6, 2024, PSPC issued the following press release on its website:

Public Services and Procurement Canada (PSPC) has a framework in place to prevent, detect and respond to situations of conflict of interest or potential wrongdoing, in order to safeguard the integrity, fairness, openness and transparency of the federal procurement system.

Where PSPC is the contracting authority, the department has taken action to issue stop work orders to Coradix Technology Consulting Ltd. (Coradix). This suspends Coradix from continuing work on contracts awarded by PSPC on behalf of client departments. In addition, Coradix has been suspended from participating in new procurement opportunities, while

also disqualifying the company from eligibility considerations for current and future PSPC methods of supply instruments. (the “**Press Release**”)

26. PSPC did not contact Coradix prior to the issuance of the suspensions or the Press Release.

27. The Press Release was reported on by various media outlets, including, but not limited to:

- a. Globe and Mail on March 6, 2024 - [https://www.theglobeandmail.com/politics/article-federal-procurement-department-punishes-companies-that-worked-on/](https://www.theglobeandmail.com/politics/article-federal-procurement-department-punishes-companies-that-worked-on/-liee-a-arrivecan/gc-strategies-exclue-de-tous-les-contrats-federaux.php).
- b. La Presse on March 6, 2024 - <https://www.lapresse.ca/actualites/politique/2024-03-06/entreprise-liee-a-arrivecan/gc-strategies-exclue-de-tous-les-contrats-federaux.php>.
- c. Global News on March 22, 2024 - <https://globalnews.ca/news/10374884/suspended-arrivecan-it-consultant-sells-office-condo-rcmp-probe/>.

28. The media reporting that resulted from the Press Release inferred and concluded that Coradix’s suspension resulted from PSPC having decided that Coradix was engaged in wrongdoing that affected the integrity, fairness, openness and transparency of the federal procurement system.

B. Terminations

29. On March 6, 2024, Coradix received a letter from SSC terminating the Professional Services – TBIPS Contract (and all associated tasks) that was in place between Coradix and the Crown and which was being administered by SSC and suspending Coradix from any and all business and solicitations issued by SSC at any tier. The termination letter stated:

In light of recent information regarding the ownership and Directors of Dalian Enterprises and Coradix Technology Consulting Ltd., and in view of the provisions found in Section 5: Conflict of Interest of the Code of Conduct for Procurement forming part of all of SSC contracts and Supply Arrangements and contracts with Public Services and Procurement Canada

(PSPC), this letter serves as notice of the immediate termination of CORADIX TECHNOLOGY CONSULTING Ltd. (“Coradix”) contracts issued by SSC. As a result, all consultants are to stop work by end of day March 6th, 2024 and no payment will be remitted for work beyond that date. The following is terminated:

- Professional Services – TBIPS Contract (and all associated tasks) 2B0KKBQ0323

In addition, Coradix are also suspended from any and all business and solicitations issued by SSC, either directly as a contractor, as part of a partnership or joint venture, or indirectly as a subcontractor at any tier. Please note that SSC will continue to review its existing contracts and procurement vehicles and any additional actions regarding these will be communicated separately.

Note that any recent bids submitted by Coradix, in response to the refresh of any procurement vehicles will not be considered in light of this matter, nor will any recent bids submitted under an active solicitation process.

30. The termination and suspension not only terminated any existing contract or work on any existing task authorization, but also excluded Coradix from pursuing contracting opportunities with the Crown that it would have otherwise pursued and, in the ordinary course of business, would have been awarded.

31. On March 25, 2024, Coradix received a series of termination letters from PSPC, which were in respect of various Contracts, stating that:

Pursuant to Section 29 (Default by the Contractor) of General Conditions 2035, the Contracting Authority notifies the Contractor that the above-noted Contract is terminated in its entirety for default in view of fact that Coradix is in breach of Section 45 of General Conditions 2035 on the basis that Coradix breached the Code of Conduct for Procurement. Coradix and Dalian Enterprises Ltd. (Dalian) are intricately connected through their business and corporate relationships. After Mr. David Yeo, President of Dalian, became an employee

of the Department of National Defence (DND) on September 19, 2023, he was in real, apparent or perceived conflict of interest. Given its contract with DND in joint venture with Dalian, Coradix had a contractual obligation to bring this real, apparent or perceived conflict of interest to the attention of the contracting authority as required by the Code of Conduct for Procurement. Coradix failed to comply with this contractual obligation and continued to actively provide services under the joint venture with Dalian to DND and other departments despite this real, apparent or perceived conflict of interest.

In accordance with the Vendor Performance Corrective Measure Policy, this termination for default will trigger a Vendor Performance Corrective Measure assessment of Coradix. In addition, a note indicating that there was a termination for default for this Contract will be registered against Coradix in the Vendor Information Management system.

32. Contracts that were not immediately terminated pursuant to the SSC's correspondence of March 6, 2024 or PSPC's correspondence of March 25, 2024 were subsequently terminated by separate correspondences providing the same, or a similar, justification for the termination.

33. Contracts that were not explicitly terminated were allowed to expire on March 31, 2024. Absent the wrongful conduct described herein, these Contracts would have been renewed with the exercising of options or the issuance of Task Authorizations.

34. To the extent that any of the Contracts are a subcontract with a prime contractor, Coradix pleads that the prime contractor suspended and/or terminated the Contracts at the direction of PSPC and/or SSC or otherwise as a consequence of the suspensions and terminations described above.

C. **Apparent Basis for Suspension and Termination**

35. Considering the words used in the letters suspending and terminating the Contracts, PSPC/SSC suspended Coradix under the Contracts and, ultimately, terminated all the Contracts on the grounds that:

- a. Coradix allegedly had a contractual obligation to bring to the attention of PSPC and/or SSC the fact that David Yeo had become an employee of the Department of National Defence (“**DND**”) on the grounds that this was a “real, apparent or perceived conflict of interest”; and
- b. the alleged failure to do so resulted in an unspecified breach of the Code of Conduct for Procurement, which is incorporated into Coradix’s contract on the basis of section 45 of General Conditions 2035.

III. Coradix was not in breach of the applicable, or any, version of the Code of Conduct for Procurement

1. Background

36. Unknown to Coradix at the time, DND hired David Yeo as a full-time employee on September 19, 2023.
37. At the time of his hiring by DND, Mr. Yeo was the President and majority shareholder in Dalian Enterprises Ltd (“**Dalian**”), which is a corporation incorporated pursuant to the federal laws of Canada.
38. Mr. Yeo has never held an interest in Coradix and was never an employee, officer or director of Coradix.
39. Coradix pleads that the officials within DND who made the decision to hire Mr. Yeo knew at the time, or shortly thereafter, that Mr. Yeo had an interest in Dalian or was otherwise associated with Dalian and also knew that Dalian was providing services to DND.
40. Also at that time, Dalian in contractual joint venture with Coradix was party to a contract with the Crown to supply IT services to DND for the development, support, maintenance and COTS configuration for various in-house development COTS computers software applications on an “as and when requested” basis as initiated through Task Authorizations. This contract is identified as Contract No.: W6369-17P5LQ/006/IPS (the “**DND Contract**”).

41. The DND Contract was awarded on July 11, 2018 and expired in accordance with its terms on January 12, 2024.
 42. The DND Contract was administered under the Director General Enterprise Application Services. Mr. Yeo's employment with DND was not under this directorate but was under a different directorate that was unrelated to the DND Contract.
 43. The DND Contract incorporated by reference General Conditions 2035 (2016-04-04).
- 2. Immediate Steps Taken by Coradix**
44. Coradix first came to learn that Mr. Yeo was an employee of DND on October 31, 2023.
 45. Upon learning that Mr. Yeo had been hired as a full-time employee, Coradix, as a minority shareholder in Dalian, took the following precautionary measures:
 - a. Coradix effected the preparation of a Confidentiality, Non-Disclosure and No Access Agreement (“**NDA**”) between Dalian and Mr. Yeo to confirm that no information would be exchanged between Dalian and Mr. Yeo and provided the **NDA** to Mr. Yeo for his agreement and signature;
 - b. Coradix advised Mr. Yeo that Coradix expected him to file any required disclosure materials with DND to formally document his relationship with Dalian;
 - c. Coradix advised Mr. Yeo that he should put his shares in Dalian in a blind trust and not have any direct or indirect involvement in Dalian; and
 - d. Coradix disconnected any access that Mr. Yeo had to Dalian's IT network such that Mr. Yeo could not access any part of the Dalian IT network other than his email account.

46. Coradix provided Mr. Yeo the NDA on November 7, 2023.
47. Mr. Yeo advised Coradix that he agreed to the terms and conditions set out in the NDA on November 9, 2023.
48. Coradix, Dalian and Mr. Yeo functioned as though the NDA was in place as of November 9, 2023 when Mr. Yeo indicated that he was agreeable to the terms expressed in the NDA. On December 6, 2023, Mr. Yeo provided Coradix a signed copy of the NDA, which was dated as having been signed on November 10, 2023.
49. On or about November 7 to 9, 2023, Mr. Yeo also advised Coradix that he had spoken to his supervisor at DND regarding his involvement in Dalian and his current employment with DND. Mr. Yeo advised Coradix that he was told by his DND supervisor that there were no conflict concerns because Mr. Yeo did not have signing authority at DND. Mr. Yeo also assured Coradix that he submitted the necessary paperwork to DND to disclose his involvement with Dalian.
50. Coradix sought this information from Mr. Yeo to obtain assurance that Mr. Yeo was complying with any disclosure obligations that may flow from his employment with DND and to also ensure that Mr. Yeo would not be assigned to a project that might give rise to an actual or perceived conflict of interest.
51. Mr. Yeo advised Coradix that he expected to receive guidance from DND on whether any measures, in addition to disclosure he already provided, should be taken to avoid any potential or real conflict concerns. Mr. Yeo advised that this guidance would also include confirmation of whether it was necessary to put Mr. Yeo's interest in Dalian into a blind trust.
52. On or about January 18, 2024, Coradix again impressed upon Mr. Yeo the need to submit any required paperwork to DND. On the basis of this prompting, Mr. Yeo assured Coradix that he would do so.
53. The steps taken by Coradix followed the Code of Conduct for Procurement that applied to the DND Contract and were undertaken as a precautionary

measure with a view to avoiding any potential or actual conflicts arising from DND having hired Mr. Yeo as a full time employee.

3. Code of Conduct for Procurement that applied to the DND Contract

54. The DND Contract commenced on July 11, 2018 and expired on January 12, 2024.
55. The DND Contract incorporated by reference General Conditions 2035 (2016-04-04).
56. The DND Contract specifically directed the contractor (i.e., Coradix) to PSPC's Standard Acquisition Clauses and Conditions Manual (<https://buyandsell.gc.ca/policy-and-guidelines/standard-acquisition-clauses-and-conditions-manual>) issued by PWGSC (the "SACC website").
57. The various task authorizations that were issued against the DND Contract from time to time state that the contractor is "requested to supply the following services in accordance with the terms of the above reference contract." The reference was to the DND Contract.
58. The version of the Code of Conduct for Procurement that applied to the DND Contract is the one that applies to contracts commenced before August 13, 2021 (the "Applicable Code").
59. The Applicable Code does not include any obligation, contractual or otherwise, requiring a contractor to report "real, apparent or perceived" conflicts of interest.
60. The steps undertaken by Coradix when it learned that Mr. Yeo was employed by DND were precautionary in nature and were in compliance with the Applicable Code.
61. Coradix pleads that the link embedded in section 45 of General Conditions 2035 (2016-04-04) as it appears on PSPC's SACC website directs contractors, such as Coradix, to the Applicable Code.

62. Coradix pleads that the guidance provided on PSPC's website confirms that PSPC directed contractors, such as Coradix, to apply the version of the Code of Conduct for Procurement that was in place when the relevant contract commenced.
63. In this regard, PSPC's website (<https://www.tpsgc-pwssc.gc.ca/app-acq/cndt-cndc/ccca-ccp-eng.html>), as it was at the relevant time, specifically states in reference to the Code of Conduct for Procurement that is currently in place that:
- This code is effective as of May 26, 2023.
- The code that was in effect at the time of the signing of the contract continues to apply.
- Prior to the effective date, the following still apply to contracts dated:
- from August 13, 2021 to May 25, 2023: ARCHIVED—Code of Conduct for Procurement (2021)
- before August 13, 2021: ARCHIVED—Context and purpose of the Code.
64. Coradix pleads that the link embedded in the phrase “Context and purpose of the Code” as it appears after the phrase “before August 13, 2021: ARCHIVED” is a link (being: <https://www.tpsgc-pwssc.gc.ca/app-acq/cndt-cndc/contexte-context-eng.html>) that directs contractors, such as Coradix, to the Applicable Code.
65. The banner above the Applicable Code states “For contracts dated before August 13, 2021, the archived code still applies.”
66. Coradix discharged its obligations under the Applicable Code.
67. Coradix pleads and relies upon the terms of the DND Contract, including, but not limited to sections 26, 43 and 45 of General Conditions 2035 (2016-04-04).
68. Coradix pleads and relies on the Applicable Code.

69. Coradix pleads and relies upon PSPC's representations that the Applicable Code applies to contracts that were commenced prior to August 13, 2021, including the DND Contract.
70. Coradix pleads that the Applicable Code is incorporated into the DND Contract and that other versions of the Code of Conduct for Procurement are not incorporated into the DND Contract and are not relevant to determining what measures, if any, needed to be undertaken in light of DND hiring Mr. Yeo as a full time employee.

IV. Liability of the Defendants

1. **Breach of contract and associated breach of good faith and fair dealing**
71. Coradix pleads that the suspensions and terminations of the Contracts by PSPC and SSC, or done at their direction, were in breach of the Contracts.
72. The sole basis for the suspensions and the terminations was the false allegation that Coradix had breached the Code of Conduct for Procurement.
73. Coradix was not in breach of the Applicable Code or any version of the Code of Conduct for Procurement.
74. Coradix denies that the Code of Conduct for Procurement that pertains to contracts commencing between August 13, 2021 and May 25, 2023 or commencing on May 26, 2023 applies to the circumstances that give rise to this proceeding or provides a proper basis for suspending or terminating the Contracts for the reasons expressed by PSPC and/or SSC.
75. However, to the extent that either of these versions of the Code of Conduct for Procurement may apply (which is denied), Coradix pleads that:
- a. The current version of the Code of Conduct for Procurement does not require contractors to bring "real, apparent or perceived conflict of interest to the attention of the contracting authority" as apparently claimed by PSPC and/or SSC;

- b. The fact that DND offered full-time employment to David Yeo did not give rise to a matter that “causes or is likely to cause a conflict of interest” with respect to Coradix because, amongst other things, Mr. Yeo was not in a conflict of interest involving Coradix;
 - c. DND was informed of or otherwise knew that Mr. Yeo had an interest in Dalian and, as a result, any reporting obligation to the Crown was met; and/or
 - d. DND acquiesced to the situation and waived any further reporting requirements on behalf of the Crown.
- 76. In the alternative and to the extent that a version of the Code of Conduct for Procurement (other than the Applicable Code) applies to the present circumstances, Coradix pleads that PSPC and/or SSC are in breach of those versions of the Code of Conduct for Procurement because those versions provide that a contract may only be terminated in circumstances where “vendors or their sub-contractors are unable or unwilling to comply with the code” and termination would be a remedy of last resort.
- 77. Coradix took steps to comply with the Applicable Code.
- 78. Coradix never indicated that it was “unable or unwilling to comply with” other versions of the Code of Conduct for Procurement.
- 79. Coradix pleads that PSPC did not contact Coradix and did not conduct an investigation prior to suspending Coradix and issuing the Press Release. Coradix pleads that PSPC did not properly assess Coradix’s ability or willingness to comply with the Code of Conduct for Procurement.
- 80. In the alternative, to the extent that PSPC conducted any investigation, which is denied, such investigation was wholly inadequate in the circumstances and given the nature of the allegations being made against Coradix and the impact that a suspension and Press Release would have (and did have) on Coradix.
- 81. The Press Release was deliberately and wrongfully framed in a way so that readers, including the national and local media, would infer that Coradix’s

- suspension had resulted from PSPC having made a finding that Coradix engaged in wrongdoing that affected the integrity, fairness, openness and transparency of the federal procurement system.
82. Coradix pleads that SSC did not contact Coradix and did not conduct an investigation prior to suspending Coradix. Coradix pleads that SSC did not properly assess Coradix's ability or willingness to comply with the Code of Conduct for Procurement.
83. In the alternative, to the extent that SSC conducted any investigation, which is denied, such investigation was wholly inadequate in the circumstances and given the nature of the allegations being made against Coradix and the impact that a suspension would have (and did have) on Coradix.
84. Coradix pleads that neither SSC nor PSPC contacted Coradix nor conducted any investigation prior to terminating the Contracts by way of their respective letters of March 6 and March 25, 2024 or by the additional correspondences and communications that followed.
85. In the alternative, to the extent that SSC and/or PSPC conducted any investigation, which is denied, such investigation was wholly inadequate in the circumstances and given the nature of the allegations being made against Coradix and the impact that the terminations would have (and did have) on Coradix.
86. The terminations and suspensions of the Contracts were done in bad faith.
87. The terminations and suspensions of the Contracts were done for an improper purpose, namely, to deflect or distract from negative publicity regarding alleged lapses in PSPC and/or SSC's management and budgetary oversight of the ArriveCan App and alleged inadequacies or shortcomings of PSPC and SSC's procurement practices.
88. The terminations and suspensions were contrary to the Crown's obligations of good faith and fair dealing in contractual relationships.

89. Coradix pleads that PSPC and SSC were under a duty of good faith and fair dealing to conduct a proper investigation prior to suspending Coradix and prior to terminating, or causing the termination of, the Contracts.
90. PSPC and SSC breached this duty.
91. Coradix pleads that PSPC and/or SSC unlawfully induced, caused or directed prime contractors to terminate or suspend subcontracts with Coradix.
92. The Crown is responsible in law for the breaches of contract resulting from the acts and omissions of its servants and agents.

2. Defamation and Malicious Falsehood

93. The statements made in the Press Release were defamatory.
94. The Press Release was intentionally published by PSPC on its website and distributed through other online media.
95. The Press Release referred to Coradix.
96. The words used in the Press Release tended to lower, and tarnish, Coradix's reputation in the eyes of a reasonable person. In their ordinary meaning and/or innuendo, considering the surrounding circumstances, the statements in the Press Release were defamatory in that the statements did convey and were meant to convey, expressly or implicitly, the meaning that Coradix engaged in wrongdoing that affected the integrity, openness and transparency of the federal procurement system.
97. These statements are false and were made in a reckless and/or malicious manner.
98. These statements were made by PSPC to deflect or distract from negative publicity regarding alleged lapses in PSPC and/or SSC's management and budgetary oversight of the ArriveCan App and alleged inadequacies or shortcomings of PSPC and SSC's procurement practices.

99. In addition, or in the alternative to the above, Coradix pleads that the words in the Press Release and/or the implication that PSPC meant to be drawn from them were false.

100. The words in the Press Release were published maliciously in that, at the time of publication, PSPC:

- a. Knew that the words or the implication meant to be drawn from them were false;
- b. PSPC was indifferent or reckless as to whether they were true or false; and/or
- c. PSPC published the words for an improper dominant purpose, namely, deflect or distract from negative publicity regarding alleged lapses in PSPC and/or SSC's management and budgetary oversight of the ArriveCan App and alleged inadequacies or shortcomings of PSPC and SSC's procurement practices.

101. As a result of the defamatory statements and malicious falsehood, Coradix has suffered general damages for loss of reputation and has suffered pecuniary loss.

102. The Crown is responsible in law for its agent and servants, being PSPC, having defamed Coradix and having engaged in the tort of malicious falsehood.

3. Negligent Investigation

103. PSPC and/or SSC owed a duty of care at common law to Coradix in their investigation of an alleged breach of the Code of Conduct for Procurement.

104. PSPC and/or SSC failed to meet the required standard of care for an investigation of this nature because, amongst other things, they failed to carry out any investigation or otherwise:

- a. Rushed the investigation;
- b. Performed a cursory investigation;

- c. Engaged in tunnel vision and disregarding or ignoring obvious exculpatory information;
 - d. Failed to determine the nature of the alleged breach and associated facts and to assess any contradictory information;
 - e. Failed to recognize that Mr. Yeo is not part of Coradix;
 - f. Failed to consult publicly available information regarding Coradix;
 - g. Failed to consult Coradix;
 - h. Capitulated to political or other pressure in an effort to deflect or distract from negative publicity regarding alleged lapses in PSPC and/or SSC's management and budgetary oversight of the ArriveCan App and alleged inadequacies or shortcomings of PSPC and SSC's procurement practices; and/or
 - i. Failed to consider or review relevant documentation including the various versions of the Code of Conduct for Procurement and the DND Contract.
105. Coradix suffered damages as a result of this negligence.
106. The Crown is responsible in law for its agents, PSPC and/or SSC, for their negligence in this regard.
- 4. Inducement to breach contract**
107. Coradix pleads that enforceable subcontracts were in place between itself and the IT Consultants who were deployed by Coradix pursuant to, and in service of, the Contracts.
108. Pursuant to the subcontracts with Coradix, the IT Consultants were providing services under the Contracts.
109. Upon PSPC and/or SSC suspending Coradix as described above, civil servants with PSPC, SSC and/or client departments (including, but not limited to, Employment and Social Development Canada, Elections Canada, Global Affairs Canada and Transport Canada) encouraged and induced IT

Consultants to breach their respective contractual obligations to Coradix and to become subcontractors with Coradix's competitors or to otherwise contract directly with the Crown.

110. These civil servants sought to induce the breach of the subcontracts between Coradix and the IT Consultants knowing of the existence of those subcontracts.

111. These civil servants intentionally sought to cause the IT Consultants to breach their subcontracts with Coradix or otherwise were aware that a breach of the subcontracts would result from their conduct.

112. As a result of the acts of these civil servants, the IT Consultants breached their subcontracts with Coradix.

113. The civil servants carried out this inducement by advising the IT Consultants that they will issue Task Authorizations to Coradix's competitors to require Coradix's competitors to enter into subcontracts with the IT Consultants.

114. The inducement to breach contract occurred in the context of the following contracts: Contract No.: G9292-203481/011/ZM; Contract No.: 05005-18-0142; Contract No.: 2001493 and Contract No.: T8086-172450/002. Coradix continues to investigate the instances of civil servants having induced IT Consultants to breach their subcontracts.

115. Coradix has suffered both pecuniary and non-pecuniary loss as a result of the civil servants inducing the IT Consultants under subcontract with Coradix to breach their respective subcontracts with Coradix.

116. The Crown is responsible in law for the civil servants who induced the IT Consultants under subcontract with Coradix to breach their respective subcontracts.

5. Misfeasance in Public Office

117. At all material times, the Officials were acting in their capacity as holders of public office and were representatives of their respective departments and were Crown servants and agents.

118. The Officials engaged in deliberate and unlawful conduct including:
- a. Suspending Coradix when they knew, or were reckless to the fact that, they had not done any investigation or, to the extent that an investigation was conducted, the investigation was inadequate and incomplete and failed to disclose grounds to suspend Coradix;
 - b. Terminating the Contracts when they knew, or were reckless to the fact that, they had not done any investigation or, to the extent that an investigation was conducted, the investigation was inadequate and incomplete and failed to disclose grounds to terminate the Contracts on the basis of an alleged breach of the Code of Conduct for Procurement;
 - c. Suspending Coradix and terminating the Contracts for an improper purpose, namely, to deflect or distract from negative publicity regarding alleged lapses in PSPC and/or SSC's management and budgetary oversight of the ArriveCan App and alleged inadequacies or shortcomings of PSPC and SSC's procurement practices; and/or
 - d. Engaging in, directing or failing to stop the unlawful conduct described above, including breach of contract, defamation, negligent investigation, and inducement of breach of contract.
119. The Officials knew that their conduct was unlawful. In the alternative, the Officials were reckless or consciously disregarded the unlawfulness of their conduct.
120. The Officials intended to harm Coradix. In the alternative, the Officials knew that, or were reckless to the fact that, their conduct was likely to harm Coradix.
121. Coradix suffered damages as result of the Officials' misfeasance and tortious conduct.

V. Damages Claimed

122. As a result of the acts, omissions, breaches of contract and tortious conduct described herein, Coradix incurred pecuniary loss in the amount of \$57,000,000 and non-pecuniary loss in the amount of \$5,000,000.

123. Coradix pleads that absent the suspensions, terminations and tortious conduct described herein, Coradix would have participated in procurement opportunities with the Crown as they became available and that Coradix would have been awarded such opportunities in the ordinary course of business.

124. Coradix pleads that it was unlawful for PSPC, SSC or any other agent of the Crown to suspend or otherwise exclude Coradix from participating in contracting opportunities with Crown and, as a result, Coradix suffered, and continues to suffer, damages.

125. Coradix pleads that absent the suspensions, terminations and tortious conduct described herein, the Crown would have exercised options under the Contracts or issued Task Authorizations under the Contracts in the normal course of business and, as a result, Coradix suffered, and continues to suffer, damages.

126. In addition, Coradix pleads that the acts, omissions, breaches of contract and tortious conduct described herein give rise to aggravated and/or punitive damages on the grounds that the conduct of PSPC and/or SSC was particularly high-handed, oppressive, reckless, intentional, and/or based on improper motives, thereby increasing the damage to Coradix and/or are in need of deterrence and condemnation.

127. Coradix continues to suffer damages as a result of conduct described herein.

128. The full particulars of Coradix's damages will be provided before the trial of this claim.

129. Coradix pleads and relies upon the *Negligence Act*, R.S.O. 1990, c. N.1, the *Libel and Slander Act*, R.S.O. 1990, c. L.12, the *Crown Liability and*

Proceedings Act (R.S.C., 1985, c. C-50) and the *Federal Courts Act* (R.S.C., 1985, c. F-7).

VI. Place of Trial

130. The Plaintiff proposes that this action be tried at the City of Ottawa, Ontario.

Dated at Ottawa, Ontario, the 30th day of May, 2024.



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Counsel for Plaintiff,
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Appendix A – Particulars of the Contracts

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
1	01B68-15-0169	AAFC	AAFC	March 7, 2024 Amendment #8 - Stop Work Order - AAFC
2	47419-211699/002/ZG	CBSA	PSPC	March 5, 2024 letter - Termination - PSPC
3	47419-226879/004/EL	CBSA	PSPC	March 5, 2024 letter - Termination - PSPC
4	47419-226879/005/EL	CBSA	PSPC	March 5, 2024 letter - Termination - PSPC
5	4600001826/4600001901	CIRNAC	CIRNAC	March 6, 2024 email - stop work order - ISC
6	S4076987	DND	DND	March 7, 2024 email - Stop Work - DND
7	S4122972	DND	DND	March 7, 2024 email - Stop Work - DND
8	S4169418	DND	DND	March 7, 2024 email - Stop Work - DND
9	S4174465	DND	DND	March 7, 2024 email - Stop Work - DND
10	S4223008	DND	DND	March 7, 2024 email - Stop Work - DND
11	S4241919	DND	DND	March 7, 2024 email - Stop Work - DND
12	S4245934	DND	DND	March 7, 2024 email - Stop Work - DND

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
13	S4256119	DND	DND	March 7, 2024 email - Stop Work - DND
14	S4325334	DND	DND	March 7, 2024 email - Stop Work - DND
15	S4339090	DND	DND	March 7, 2024 email - Stop Work - DND
16	S4359307	DND	DND	March 7, 2024 email - Stop Work - DND
17	S4359336	DND	DND	March 7, 2024 email - Stop Work - DND
18	S4381443	DND	DND	March 7, 2024 email - Stop Work - DND
19	S4468167	DND	DND	March 7, 2024 email - Stop Work - DND
20	S4515480	DND	DND	March 7, 2024 email - Stop Work - DND
21	S4522014	DND	DND	March 7, 2024 email - Stop Work - DND
22	S4551436	DND	DND	March 7, 2024 email - Stop Work - DND
23	S4566807	DND	DND	March 7, 2024 email - Stop Work - DND
24	S4672456	DND	DND	March 7, 2024 email - Stop Work - DND
25	S4795356	DND	DND	March 7, 2024 email - Stop Work - DND
26	W6369-200203	DND	DND	March 7, 2024 email - Stop Work - DND

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
27	W84740DSS35	DND	DND	March 7, 2024 email - Stop Work - DND
28	W84742DS14-A	DND	DND	March 7, 2024 email - Stop Work - DND
29	W6369- 17P5LM/002/IPS	DND	PSPC/PWGSC	March 5, 2024 letter - Termination - PSPC
30	W6369- 18P5MD/001/IPS	DND	PSPC/PWGSC	March 5, 2024 letter - Termination - PSPC
31	W6369-190169/001/IPS	DND	PSPC/PWGSC	March 5, 2024 letter - Termination - PSPC
32	W6369- 20P5MX/001/IPS	DND	PSPC/PWGSC	March 8, 2024 letter - Stop Work Order - PSPC
33	7200001929	ECCC	ECCC	March 6, 2024 email - Stop Work Order - ECCC
34	7200001934	ECCC	ECCC	March 6, 2024 email - Stop Work Order - ECCC
35	05005-18-0142	Elections Canada	Elections Canada	March 11, 2024 letter - Stop Work Order/suspension - EC
36	05005-2020-0716-4	Elections Canada	Elections Canada	March 11, 2024 letter - Stop Work Order/suspension - EC
37	05005-2020-0716-6	Elections Canada	Elections Canada	March 11, 2024 letter - Stop Work Order/suspension - EC
38	2000134	ESDC	ESDC	March 28, 2024 letter - ESDC
39	7415117	GAC/DFATD	GAC	April 17, 2024 letter - Suspension of work - GAC

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
40	2001324	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
41	2001396	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
42	2001493	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
43	7435115	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
44	7438745	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
45	7440052	GAC/DFATD	GAC/DFATD	April 17, 2024 letter - Suspension of work - GAC
46	08915-170500/012/EL	GAC/DFATD	PSPC/PWGSC	April 12, 2024 letter - Termination - PSPC
47	08915-170500/008/EL	GAC/DFATD	PSPC/PWGSC	March 25, 2024 letter from PSPC
48	HT218-143802/015/ZM	HC	PSPC/PWGSC	March 25, 2024 letter - Termination - PSPC
49	3519222	INFRA	INFRA	April 24, 2024 letter - Termination - INFRA
50	QA001-233002/001/XS	INFRA	PSPC/PWGSC	March 8, 2024 letter - Stop Work Order - PSPC
51	B8926-170500/001/ZM	IRCC/CIC	PSPC	Failed to exercise option (after exercising two additional 6 mos options)
52	B8926-170504/001/ZM	IRCC/CIC	PSPC	March 25, 2024 letter - PSPC

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
53	B8926-170508/003/ZM	IRCC/CIC	PSPC	March 25, 2024 letter - PSPC
54	4600002501	ISC	ISC	March 6, 2024 email - stop work order - ISC
55	4600002421	ISC	ISC	March 6, 2024 email - Stop Work Order - ISC
56	4600002503	ISC	ISC	March 6, 2024 email - Stop Work Order - ISC
57	4600002506	ISC	ISC	March 6, 2024 email - Stop Work Order - ISC
58	A0109-130009/001/ZM	ISC	PSPC/PWGSC	March 25, 2024 letter - Termination - PSPC
59	A0156-162605/002/ZM	ISC	PSPC/PWGSC	March 25, 2024 letter - Termination - PSPC
60	A0416-183261/001/ZM	ISC	PSPC/PWGSC	March 25, 2024 letter - Termination - PSPC
61	20122	ISED	ISED	March 5, 2024 email - ISED - ISED informed consultants
62	20147	ISED	ISED	March 5, 2024 email - ISED - ISED informed consultants
63	20157	ISED	ISED	March 5, 2024 email - ISED - ISED informed consultants
64	20163	ISED	ISED	March 5, 2024 email - ISED - ISED informed consultants
65	20180	ISED	ISED	March 5, 2024 email - ISED -

	Contract No.	Technical Authority	Contracting Authority	Manner of Termination
				ISED informed consultants
66	20258	ISED	ISED	March 5, 2024 email - ISED - ISED informed consultants
67	3000687634	NRCan	NRCan	March 14, 2024 letter - Termination - NRCan
68	2B0KBQ0323	SSC	SSC	March 6, 2024 letter - Termination - NRCan
69	T8086-172450/002/ZM	TC	PSPC	March 25, 2024 letter - Termination - SSC
70	E60ZT-18TSPS-090/ZT (TSPS SA)		PSPC	March 5, 2024 - Letter from PSPC
71	E60ZT-180028/174/ZT (ProServices SA)		PSPC	March 5, 2024 - Letter from PSPC
72	EN578-170432/080/EI (TBIPS SA)		PSPC	March 5, 2024 - Letter from PSPC
73	EN537-05IT01/062/EI (SBIPS SA)		PSPC	March 5, 2024 - Letter from PSPC
74	EN578-172870/146/ZN (THS SA)		PSPC	March 5, 2024 - Letter from PSPC
75	INAC007390 (Subcontract)	HC	PSPC	March 7, 2024 email – from Prime Contractor
76	INAC007400 (Subcontract)	HC	PSPC	March 7, 2024 email – from Prime Contractor
77	INAC007081 (Subcontract)	ISC	PSPC	March 7, 2024 email – from Prime Contractor
78	INAC007082 (Subcontract)	ISC	PSPC	March 7, 2024 email – from Prime Contractor
79	INAC007084 (Subcontract)	ISC	PSPC	March 7, 2024 email – from Prime Contractor

