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ABE TAQTAQ  
VICE-PRESIDENT

April 4, 2016

Frontier Duty Free Association  
402 - 116 Lisgar Street  
Ottawa, ON K2P 0C2

Attention: Laurie Karson and Board of Directors

Dear Board:

Re: Code of Ethics and Conflict of Interest Investigation

I am writing on behalf of Windsor-Detroit Tunnel Duty Free Shop as a longstanding member of the FDFA, and as member of the Government Relations Committee, regarding certain matters related to the current Landlord RFP at the Fort Erie Crossing. In my role as a GR Committee member information has come to light which raises concerns that former Board Member Justin Guay may have violated the FDFA Code of Ethics in two areas. This information further suggests that other owners or managers of IGL Lteé may also have knowledge of and be involved in a potential Code of Ethics violation.

I am writing to formally request that the Board conduct a review of this matter to determine if any wrongdoing has occurred and if so, to determine what corrective action might be appropriate to deal with this situation. Set out below is a brief overview of my concerns:

**Code of Ethics Section 3.5 and 3.12 Violations**

3.5. A member will respect the business interests of other members, and will not interfere with the ongoing licensing or continuity of operations of another member's duty free business except: (i) in a Government of Canada called Request for Proposal, or (ii) in the normal course of healthy retail competition and advertising to attract customers to a respective business.

3.12. A member will not maliciously injure the reputation or business of another member of the FDFA.

- On January 7, 2016 Justin Guay requested a private conversation with Laurie Karson to discuss “the biggest bomb” in Laurie’s career. My understanding of the content of this conversation is:
  - Justin stated in a confident fashion that the Peace Bridge Duty Free location was imminently going to be tendered. Later in the conversation Justin noted a precise date for the tender announcement by the Peace Bridge Authority.
  - Justin then noted that a number of Ontario Duty Free Association stores were also putting together a bid for the Peace Bridge Duty Free location. He specifically named a number of Ontario stores and specific operators, including myself, during this conversation.
  - In the conversation Justin noted that he and Chuck Loewen (former GM Peace Bridge Duty Free) had been working together for over a year on other matters, and would be working together on a Peace Bridge Duty Free proposal. Justin noted if he won the bid he would put Chuck Loewen in as manager, and that Chuck could then potentially return to the FDFA Board.
  - Justin inferred in the conversation that some lobbying had taken place regarding this matter. It was not clear exactly to what he was referring to, but Laurie’s sense was that there may have been some lobbying or contact at the local level between Chuck Loewen and Peace Bridge Authority representatives.
  - Laurie noted to Justin that he could not know the exact date the tender would be issued, as it was not public knowledge, at which point Justin apparently replied in a confident fashion “that the tender was going to happen”.
- Many subsequent events suggest that Justin Guay may have been in possession of insider information regarding the Peace Bridge RFP; information that potentially was obtained directly from Chuck Loewen or someone else in direct contact or lobbying the Peace Bridge Authority about their interest in a Landlord RFP. Given the mention of Chuck Loewen, who Justin noted would be working with him on an RFP proposal, and previous concerns expressed by Greg O’Hara and Jim Pearce of Peace Bridge Duty Free Shop who had reports that Chuck Loewen had been seen recently in the local community, there is a concern that Justin was either directly or indirectly through association with a third party (Chuck Loewen) involved in actions that could be deemed as interference with the lease negotiations between Peace Bridge Duty Free Shop and their landlord.
- Section 3.5 of our Code of Ethics was created to deal directly with this type of a situation, and defines such interference as being in violation of the member code of ethics. It notes that a member can only be involved in a matter affecting the continuity of another member’s duty free business via a Government of Canada called Request for Proposal, not a landlord RFP. If Justin was planning to work with Chuck Loewen, and had any knowledge that Chuck was in contact with the Peace Bridge Authority to note interest in a landlord RFP, I would say that a code of ethics violation exists through Justin’s indirect involvement with the interference. Arguably, Justin’s apparent current plans to participate in the RFP is in violation of the wording in yellow above from the FDFA’s code of ethics.
- Further, Justin’s naming of other FDFA member stores and their staff as being involved in preparing an RFP – in advance of any RFP announcement – might also be considered an attempt to injure the reputation or business of another member of the FDFA.

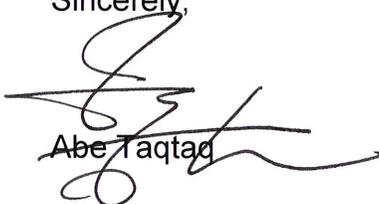
## Code of Ethics Section 2.6 Violation

2.6. A member will avoid or disclose any conflict of interest that might influence his or her actions or judgment: prior to voting on any issues under consideration by the FDFA; representing the membership with any external parties; or participating in discussions on any issues as a member of the Board or a Committee.

- Following the 2016 Las Vegas Business Summit Justin sent two letters to the FDFA, addressed to Peter Brain and Laurie Karson. In those letters Justin stated:
  - Referring to a potential future meeting with the Ministry of Transport: *That lobbying efforts against a public tender issued by the Peace Bridge Authority appear to be activity that primarily benefits a single member company.* Justin further noted that *neither Jim Pearce nor any owner of Peace Bridge Duty Free has accepted to participate in the meeting with the Minister.*
  - *If the lobbying effort does proceed, Importations Guay Lteé will be unable to take part. Further, it should be understood that the effort is not endorsed by or on behalf of IGL.*
  - Additional statements were made about supposed comments in the Las Vegas meeting by myself and Steve Richardson, apparently to support Justin's position.
- In my view Justin's letters perhaps deliberately distort the nature of this situation which deals with a longstanding FDFA position with broad negative potential impacts on many member stores.
- In my view Justin's referral to Peace Bridge Duty Free not attending a meeting is self-serving, since he would know full well that under the RFP's no lobbying provisions their attendance could disqualify them from the RFP.
- In my view Justin's suggestion that this matter deals only with the interests of one store, and that it cannot be endorsed by IGL, could be seen as an attempt to deter lobbying action on the FDFA's policy regarding landlord tenders.
- In my view Justin should have formally declared a conflict of interest before making these statements in his letter to Peter Brain and Laurie Karson. Otherwise, he could be seen as exerting influence in his own self-interest about this matter, to those who might be unaware of the conflict.
- Furthermore, Justin has been on the board of directors for many years. Landlord tendering has been discussed on many occasions, particularly during the development of our strategic review positions. Justin's intention to participate in the Peace Bridge Duty Free Tender is a self-interest that was not declared until recently, even though he, Chuck Loewen and others may have discussed this some time ago. As a board member Justin would at various times have been privy to Board discussions and GR Committee documents related to landlord tendering, without having declared a conflict of interest.

I am therefore writing to formally request that the board review this matter to determine the facts – if possible –to make a determination regarding potential Code of Ethics violations, and then take corrective action if deemed warranted by the board.

Sincerely,



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