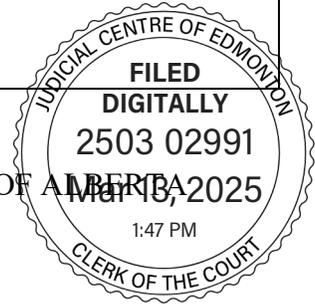
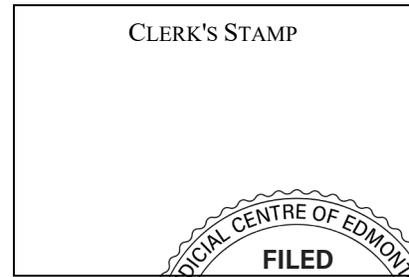


FORM 11
[RULE 3.31]



COURT FILE NUMBER

2503 02991

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFF

ATHANA MENTZELOPOULOS

DEFENDANT

ALBERTA HEALTH SERVICES, HIS MAJESTY THE KING IN RIGHT OF ALBERTA as represented by ADRIANA LAGRANGE in her capacity as MINISTER OF HEALTH

DOCUMENT

STATEMENT OF DEFENCE

PARTY FILING THIS DOCUMENT

HIS MAJESTY THE KING IN RIGHT OF ALBERTA as represented by ADRIANA LAGRANGE in her capacity as MINISTER OF HEALTH

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500 Bankers Hall East
855 2nd Street SW
Calgary, Alberta, T2P 4K7

Attention: Munaf Mohamed KC
Telephone No.: 403.298.4456
Fax No. 403.265.7219

Overview

1. This claim is about an employment contract entered into between two sophisticated parties, both with the benefit of legal counsel and which expressly provided what would be paid in the event the agreement was terminated without cause. Presumably to try and leverage her

position to extract a large pay day, the Plaintiff has filled her claim with various allegations of impropriety, interspersed with claims of political intrigue aimed at numerous individuals within and outside government, without any regard for the effect of her attacks on them.

2. The Plaintiff weaves a story that she had uncovered much impropriety in the procurement practices of AHS (an entity she was hired to lead) but fails to disclose the basic fact that the independent investigator she had hired and which had investigated for months, failed to uncover any wrongdoing during her tenure.
3. The Plaintiff also fails to disclose that even when directed by the Minister to report on the conclusions of her investigations in December of 2024, the Plaintiff had nothing concrete but had become so infatuated with her investigation and various suspicions, that she failed to do her job in carrying out the direction of the Province to implement the Health System Refocus created to bring cost savings and increased access to health services within Alberta.
4. In the end, the Plaintiff was fired because she couldn't do her job despite having been given many opportunities to do so. Her termination had nothing to do with any meeting she had scheduled with the Auditor General, which was information the Plaintiff had not disclosed to anyone at the Province at the time the decision was made to terminate her employment on December 23, 2024. Furthermore Section 14(2) of the *Auditor General Act* permits the examination of both present and former employees and so the Plaintiff's termination has no bearing whatsoever on her ability to speak with (or be compelled to speak to) the Auditor General. To ensure that the allegations are reviewed properly and independently, the Province has appointed an eminent and retired judge to lead a third-party investigation into the procurement processes used by the Province and AHS. For complete transparency, the final report will be made public.

The Parties

5. The Defendant, His Majesty the King in Right of Alberta (the "**Province**") as represented by Adriana LaGrange in her capacity as Minister of Health (the "**Minister**"), denies each and every allegation in the Statement of Claim except where expressly admitted herein.

The Plaintiff's Employment

6. The Plaintiff, Athana Mentzelopoulos (the "**Plaintiff**"), was formerly employed by Alberta Health Services ("**AHS**") as its President and CEO. The terms of the Plaintiff's employment were carefully negotiated by the Plaintiff with the benefit of legal counsel and were set out in a written agreement dated December 7, 2023 (the "**Employment Agreement**"). The Plaintiff stood to be generously compensated as President and CEO as she earned an annual salary of \$583,443.00.
7. In the summer of 2023, as part of fulfilling the mandate it was democratically elected to fulfill, the Province established a strategic priority to review and reform the way healthcare was being delivered in Alberta to ensure that Albertans had improved access to world-class health care. Up to that point in time, the delivery of healthcare was largely centralized with a single entity: AHS. Recognizing the commitment made to Albertans to ensure public dollars were used efficiently and effectively in delivering services to Albertans, a policy decision was made by the Province to decentralize decision-making and provide resources to the front lines in local communities where healthcare is delivered to Albertans (the "**Health System Refocus**"). This was a choice made by the Province aimed at providing better and more efficient healthcare and increase innovation in the delivery of health services to Albertans.
8. The Plaintiff was hired as President and CEO during the critical transition period when, as part of the Health System Refocus, the role of AHS would be significantly curtailed and disaggregated into 4 focused agencies to drive efficiency and responsiveness. At the conclusion of the Health System Refocus, AHS would no longer be a large monolithic entity trying to do everything for everyone. Instead, the delivery of health services in Alberta would be broken down into 4 separate organizations each responsible for driving cost effective and timely delivery of care: Mental Health and Addiction, Continuing Care, Primary Care, and Acute Care. AHS would be streamlined and focused only on providing acute care hospital services as one of several hospital providers under the oversight of a new entity, Acute Care Alberta. After the Health System Refocus, AHS would, in effect,

be competing with other acute care providers, including Covenant Health as well as private surgical facilities, to provide quality and cost-effective health services.

9. The Plaintiff received express direction about the importance of the Health System Refocus and the mandate of the government to move promptly to implement the changes required to enhance the delivery of health services in Alberta. The Province provided extensive support and guidance to AHS in general – and the Plaintiff in particular – to try to complete the Health System Refocus on time and on budget.
10. In what seemed to be an effort to protect her own personal authority and status, the Plaintiff refused to participate in this strategic policy initiative and, instead, took steps to hinder and delay the efforts being made by the Province to optimize the delivery of healthcare in Alberta through the Health System Refocus. The Plaintiff failed to communicate the importance of the Health System Refocus within the administration of AHS and failed to look for administrative efficiencies. Instead, the Plaintiff prioritized efforts to try to nickel-and-dime the front-line care provided by AHS by coming up, for example, with plans to close rural healthcare facilities, eliminate the mobile breast cancer screening program, or lay off nursing staff.
11. The Employment Agreement contained a termination clause that expressly permitted early termination. On January 8, 2025, AHS formally notified the Plaintiff that her employment was being terminated by AHS in accordance with the terms of the Employment Agreement.
12. The timing of the termination followed months of mounting frustration with the Plaintiff's inability to advance important policy objectives that AHS was required to advance. The Province had an internal schedule by which the transition of functions from AHS to other entities (including Acute Care Alberta and Primary Care Alberta) needed to be completed. The Plaintiff's failure to prioritize the Health System Refocus jeopardized AHS' ability to meet these dates. These deadlines are what informed the timing of the Plaintiff's termination.
13. The Plaintiff was never employed by the Province as suggested "in the alternative" by the Plaintiff in Paragraphs 3(b) and 3(c) of the Statement of Claim. The Plaintiff has not

provided any particulars of this purported “alternative” employment with the Province, such as the Plaintiff’s purported position with the Province or what she claims her duties or remuneration might have been. She is well aware there was no such employment.

14. These particulars are absent because the Plaintiff has improperly included the Province as a party to her Statement of Claim in order to make a wide variety of false or misleading allegations about the actions and integrity of various dedicated public servants, presumably to extract a larger payment from AHS and distract from her failures to carry out the proper function of her job.
15. Pursuant to the Employment Agreement, the Plaintiff was employed only by AHS. The Province was not, nor did it ever become, a party to the Employment Agreement. The coming into force of the *Provincial Health Agencies Act* amendments on May 30, 2024, or any other date, did not alter the Plaintiff’s employment relationship or otherwise transform the Plaintiff into an employee of the Province.
16. The Plaintiff’s allegations against the Province have no bearing on the legal elements of the Plaintiff’s employment claim against AHS. They are an improper effort on the part of the Plaintiff to try to embarrass various individual public servants and the Province by raising incendiary and inaccurate allegations of political intrigue and impropriety. The Plaintiff has done this for personal gain. The contractual termination pay she bargained for – \$583,443 – was not enough, so she has presented a dramatic tale and false narrative of political persecution presumably to try and pressure AHS to offer more than she is contractually entitled to and deflect attention away from her own inadequate performance while on the job, the details of which are set out below.

The Health System Refocus and the Circumstances of the Plaintiff’s Termination

17. The Plaintiff was not fired by AHS because she commenced an investigation. She was not fired as part of a conspiracy to stop an investigation. She was fired because she failed to perform her role as President and CEO effectively and failed to carry out the mandate she was given to implement the transformation of AHS, which the Premier of Alberta

mandated the Minister to implement. The Plaintiff lost the confidence of AHS and the Minister.

18. The Plaintiff suggests there were various ministerial orders or directions that were issued to interfere with her investigation. This is simply false. A variety of orders and directions were made during the Plaintiff's time as President and CEO of AHS, but these related to the implementation of the Health System Refocus. The Plaintiff was infatuated with her investigation which failed to uncover any evidence of wrongdoing and was dragging her heels in implementing the various changes required, presumably because she was opposed to the Health System Refocus which would reduce the size of her organization and her own personal prestige. The effect of these orders and directions was to move forward with transferring clinical services and oversight from AHS to the new entities established by the Health System Refocus, namely, Acute Care Alberta, Primary Care Alberta, Assisted Living Alberta, and Recovery Alberta (the "**Sector Entities**"). This process was continually resisted by the Plaintiff who was either unable or unwilling to carry out the mandate imposed by the Province to decentralize care away from AHS.
19. In fact, this mandate predated the Plaintiff's employment and arose on July 18, 2023, when the Premier issued a mandate letter to the Minister directing the Minister to demonstrate a willingness to reform the management and structure of AHS to better decentralize decision-making and resources to the front lines and local communities. As the Premier directed:

A primary focus of our government over the next four years will be to ensure Albertans have improved access to world-class health care when and where they need it. To accomplish this task, you will need to demonstrate creativity, responsiveness to public concerns, and a willingness to reform the management and structure of Alberta Health Services to better decentralize decision-making and resources to the front lines and local communities. We need to foster an environment within AHS and the entire health community that welcomes innovation and incentivizes the best patient care.
20. Starting in September of 2023, the Minister issued a series of directives to AHS concerning the provision of information relating to AHS' workforce composition, financial reporting, capital planning, and contracting activities to, among other things, gather information to facilitate the reforms contemplated in the July 18, 2023 mandate letter. Since the Plaintiff was not doing her job, the Minister had to issue directives to AHS to drive the transformation of the health care system forward.

21. On December 11, 2023, AHS' Board of Directors (the "**Board**") and the Plaintiff (who had been hired on December 7, 2023) were provided with additional high-level orientation as to the Province's plans for restructuring of the healthcare system. One of the effects of this restructuring would be to diminish AHS' organizational role in that AHS would ultimately be fulfilling a role of hospital provider, rather than the sole centralized health authority for the whole province. This would reduce the size of the organization the Plaintiff would preside over and, almost immediately, the Plaintiff began expressing personal concern about being seen as a "transitional" CEO if steps were taken to reform the management and structure of AHS as planned by the Province.
22. On May 14, 2024, the Minister introduced Bill 22, the *Health Statutes Amendment Act*, 2024, that, among other things, empowered the Minister to effect the transition from AHS to an integrated system of sector-based provincial health agencies that would subsequently be constituted as the Sector Entities. This legislation received royal assent on May 30, 2024.
23. In June of 2024, the Minister issued a series of directives as part of the Health System Refocus:
 - (a) Directive D3 – 2024 – Health System Refocus – Information Technology / Information Management: This directive addressed the transition of information management and information technology resources and agreements to, among other things, ensure the protection of patient health records during the Health System Refocus;
 - (b) Directive D4 – 2024 – Health System Refocus – Contracting and Procurement Preparedness: This directive required AHS to provide all contracting and procurement information and data to the Alberta Health Procurement Systemization and Optimization Secretariat to, among other things, coordinate the transition of AHS contracting and procurement initiatives during the Health System Refocus; and

- (c) Directive D5 – 2024 – Health Systems Refocus – Organizational Structure of Alberta Health Services: This provided direction to AHS prohibiting it from unilaterally expanding the scope of its own executive management to avoid duplication, waste, and inefficiency in healthcare administration during the Health System Refocus;
24. Effective July 1, 2024, the Minister ordered that the affairs of AHS were to commence to be wound up in accordance with Division 2 of Part 3 of the *Provincial Health Agencies Act*. To advance the winding up of AHS and the Health System Refocus, in October and November of 2024, the Minister issued a further series of directives:
- (a) D13 – 2024 – Health System Refocus – Acute Care, Emergency Medical Services, and Cancer Care Alberta: This direction imposed various requirements on AHS to support and facilitate the transition of oversight of acute care services, EMS, and cancer care;
- (b) D14 – 2024 – Health System Refocus – Primary Care: This direction imposed various requirements on AHS to support and facilitate the transition of primary care services to Primary Care Alberta; and
- (c) D15 – 2024 – Health System Refocus – Chartered Surgical Facilities: This direction required AHS to take all measures and steps as may be necessary to ensure all matters related to chartered surgical facilities (“CSFs”) were strategically and operationally aligned with the objectives of the Health System Refocus without any disruption to continuity of care, clinical operations, or the patient experience.
25. None of the directives were issued “against” the Plaintiff. The Health System Refocus was not about the Plaintiff, despite the narrative in her claim. These directives were all organizational directives issued by the Minister to AHS to help implement the Health System Refocus.
26. To move the Health System Refocus forward, the Province decided on a firm schedule to have the Sector Entities established. The schedule contemplated that all Sector Entities would be operational by April 1, 2025. On November 12, 2024, a further directive was

issued, D16-2024 – Financial Oversight, Controls and Appointments for Winding Up Activities. This directive was issued to AHS to direct the disaggregation of budgets (from a unitary AHS budget to establish budgets for each of the new Sector Entities) and establish new financial reporting processes for the Health System Refocus.

27. To support the Health System Refocus, in 2023 the Province engaged an external auditor (EY) to conduct a review of AHS' budgeting processes. That auditor made numerous recommendations to improve budgetary practices and address the transition of budgets from AHS to the Sector Entities. The Plaintiff refused to consider or implement these recommendations or take any other steps to facilitate the transfer of budgets to the Sector Entities – a central requirement to bring those entities into operation. In fact, the Plaintiff was cavalier about the work being undertaken by EY even commenting that it was a “waste of time”. She had no interest in implementing the Health System Refocus which would reduce the size of the organization she was to lead.
28. As a result of the Plaintiff's failure or unwillingness to carry out her core responsibilities as President and CEO, in November and December of 2024 the Province had to reassign a number of other senior administrators from Alberta Health to AHS to do the work that the Plaintiff was supposed to be doing. These performance issues had nothing to do with CSFs or investigations into AHS' historical procurement practices. Confidence was lost in the Plaintiff's ability to do the job she was hired to do in the timeframe required to complete the Health System Refocus, a central policy initiative of the Province. She became obsessed and infatuated with her “investigation” and suspicions about potential impropriety in the procurement field which her own independent investigators had advised were likely unfounded and that no concrete evidence of any wrongdoing could be found.
29. These performance issues of the Plaintiff were compounded by personality conflicts between the Plaintiff and many senior officials within the government. In one instance, the Plaintiff called a senior assistant deputy minister a “f**king twat” for trying to explain elements of the Health System Refocus related to assisted living. On another occasion, the Plaintiff verbally berated a different assistant deputy minister to the point that they refused to speak with the Plaintiff one on one moving forward.

30. The Plaintiff's failure to exhibit the skills necessary to work with others and advance the policy initiatives of the Province that AHS was directed to follow are why confidence was lost in her abilities and why her employment ultimately ended.

The Procurement and CSF Investigations

31. The Plaintiff now seeks to deflect attention away from performance and professionalism concerns by raising allegations about the propriety of various historical procurement activities undertaken by AHS, many of which were undertaken before the Minister was even appointed. In many ways, the Plaintiff conflates and obfuscates the timing of these procurement activities presumably to create the impression of wrongdoing and spin a web of innuendo and intrigue. There are several different procurement activities referenced in the Statement of Claim:
- (a) A procurement for children's pain medication (the "**Medication Procurement**") which was conducted by AHS in December 2022 resulting in an agreement with MHCare;
 - (b) An agreement with Alberta Surgical Group ("**ASG**") to provide orthopedic surgery services in a CSF in Edmonton (the "**Edmonton CSF**"). ASG is an accredited private provider of surgical services. The agreement with ASG was entered into by AHS in November of 2022;
 - (c) An RFP process carried out by AHS for the supply of orthopedic surgery services by a CSF in Red Deer (the "**Red Deer CSF**"). This RFP was issued by AHS on September 7, 2022 and closed on October 13, 2022; and
 - (d) An RFP process carried out by AHS for the supply of orthopedic surgery services by a CSF in Lethbridge (the "**Lethbridge CSF**"). This RFP was also issued by AHS on September 7, 2022 and closed on October 13, 2022 (the "**Lethbridge CSF**").
32. The Medication Procurement arose in late 2022 during a nation-wide supply shortage of infant and children pain and fever medication (ibuprofen and acetaminophen). This

shortage arose because of unprecedented demand that could not be met by existing manufacturers. This was a significant public health crisis of concern to Canadians generally and to many Albertans. The Province took prompt action by issuing a direction to AHS on December 1, 2022 requiring AHS to procure this important medication for Albertans on an expedited basis. The procurement itself – including the selection of the proponent and the commercial terms of any agreement with the proponent – was all completed by AHS. Contrary to the narrative in her claim, this was not an ongoing procurement when the Plaintiff was employed by AHS. Further, while the Claim makes various references to amounts AHS has historically paid to MHCare, more than 99.99% of all payments made by AHS to MHCare were made before 2024. Procurement with MHCare was not an active issue at the time the Plaintiff was employed by AHS.

33. Despite trying to conflate the issues in her claim, AHS' agreement with ASG to provide surgical services to thousands of Albertans in Edmonton has nothing to do with the Medication Procurement.
34. In fact, years before (in 2019) the Province issued a direction to AHS requiring AHS to try to expand surgical capacity in the province through the use of CSFs (with CSFs themselves having been an important component of service delivery in Alberta since the 1990s). This direction arose from ongoing concerns about increasing surgical wait-lists and a desire by the Province to increase surgical capacity in Alberta to provide more timely access to Albertans requiring particular surgeries since AHS could not meet demand.
35. In July of 2021, AHS issued an RFP for the provision of orthopedic surgery services in Edmonton. ASG was one of the proponents who responded to this RFP but, in fact, was not the successful proponent (that successful proponent continues to be actively engaged in contract negotiations with AHS). However, AHS' preferred proponent did not have a surgical facility built at the time of its selection. At the time, ASG had a brand new surgical facility in Edmonton. As a result, and in order to increase surgical capacity and reduce wait times, a short-term agreement to provide increased surgical capacity (while the winner of the RFP built out a new facility) was negotiated by AHS. This agreement was executed between ASG and AHS on November 1, 2022 for a two-year term, expiring on November

- 1, 2024. The prices negotiated by AHS in relation to this contract reflected the reality that this contract was for a much shorter term than what had been awarded in the RFP process.
36. By August of 2024, AHS' preferred proponent was still not yet ready to begin operations but AHS (led by the Plaintiff) had not yet secured any extension of its short term agreement with ASG nor had AHS developed any alternative plan by which it could provide the surgical capacity then being provided by ASG. Instead, the Plaintiff got into a dispute with ASG about which surgical cases were being referred to ASG. The Plaintiff became fixated on her interpretation of what ASG's contract with AHS meant and cost comparisons between surgeries undertaken by AHS and those by ASG (which were misguided), ignoring the hundreds of surgeries which had been booked and which would be jeopardized if the agreement was not extended. The Plaintiff refused to engage in further dialogue with ASG about a contract that AHS itself had negotiated and left the question of how care would be provided to patients unresolved.
 37. Rather than address this issue directly to prevent surgical cancelations, on August 29, 2024, the Plaintiff advised the Province that she was conducting an external investigation because she believed there were differences in the way that ASG interpreted its contractual obligations as compared to the way AHS (or perhaps just the Plaintiff) interpreted them.
 38. The Plaintiff also took issue with the amount ASG was being paid (or what the Plaintiff thought they were being paid) to perform procedures in its facility and repeatedly suggested that AHS could perform the procedures more cheaply. However, the Plaintiff's understanding of what ASG was being paid was incorrect and the representations about AHS' costs were misleading as the (unsubstantiated) costs presented by the Plaintiff did not incorporate any amount for depreciation of AHS' facilities and equipment. It certainly appeared as though the Plaintiff was raising obstacles to any attempt to increase surgical capacity and reduce wait times. As a result, the price presented by the Plaintiff did not accurately portray the true cost to AHS (as it removed the – very significant – capital cost associated with constructing hospital facilities and purchasing equipment). The prices presented by the Plaintiff were also illusory in that AHS did not actually have the capacity to perform the surgeries that ASG was performing at the price suggested by the Plaintiff

(or any price) without compromising or delaying care for other patients. AHS itself confirmed this for the Province as, when direct inquiries were made, AHS conceded that:

AHS OR's are fully booked and we wouldn't be able to do the ASG cases without bumping other scheduled cases. The procedures would need to be postponed and rescheduled into the future. This will also be exacerbated by the current service disruption we have in orthopedics at the RAH...

39. Despite this, and without any other plan to accommodate the surgeries, the Plaintiff refused to move forward with any substantive negotiations with ASG, jeopardizing the thousands of surgeries booked. This was of grave concern to the Province as the Plaintiff had no plan to avoid denying care to thousands of Albertans whose surgeries would be impacted if an agreement could not be reached.
40. The Plaintiff persisted in this approach despite having learned from her investigations that there was no reason to be concerned about a contract extension. In fact, in a report dated October 11, 2024, the external investigators (a national law firm) retained by the Plaintiff advised that:

Our preliminary findings indicate that the ASG Procurement followed the minimum requirements of the applicable AHS policies, which generally align with the applicable trade agreements.

AHS appears to have followed the required process in awarding the ASG Contract and the justification for the ASG Contract recorded in the Approved Procurement Exception & Non-Procurement Requests Form (the "APE Request Form") aligns with the type of services that were procured.

41. Similarly, in a letter dated October 31, 2024 (the day before the contract with ASG expired), the Plaintiff's external investigator confirmed the same conclusion:

...we have not identified any issues that would justify AHS refusing to proceed with the ASG Contract Extension, bearing in mind the significant near-term impact that that step could have on the delivery of health care services in the Edmonton Zone...

42. The Plaintiff hid these observations from the Province and, in the time leading up to the end of the term of the agreement with ASG, AHS began taking steps to shut down patient referrals to ASG's facility in anticipation of the expiration of the contract. This caused

delays to a number of patients and created uncertainty as to when thousands of patients would be receiving surgery.

43. To mitigate the obvious adverse effects on patients, the Province (without even having been provided the conclusions of the Plaintiff's independent investigator advising the proper rules had been followed) intervened and expedited the removal of the contract with ASG from AHS' oversight (as part of the Health System Refocus, Acute Care Alberta, rather than AHS, would ultimately be the holder of all contracts with CSFs in the province). This would not have been required if AHS, under the Plaintiff's leadership, had effectively addressed either the renewal itself or implemented some alternative means of delivering the care that ASG was providing. Even still, the Plaintiff dragged her feet and the contract extension was not executed until well after 3:00 PM on the day of the expiry.
44. The procurement processes for providing orthopedic surgery services by way of CSFs in Red Deer and Lethbridge was also a separate procurement process undertaken by AHS. These commenced in 2022 and remain ongoing. However, of note:
 - (a) Despite her allegation that she was being pressured by the Province about CSFs, it was the Plaintiff who signed the binding Letter of Commitment on behalf of AHS on March 31, 2024 to move forward with procurement with the proponent for a CSF in Red Deer. As of today, this procurement is no further ahead and so the last legal commitment in these procurements was made by the Plaintiff herself on behalf of AHS;
 - (b) While the Statement of Claim makes various allegations about individuals involved in the initial selection process during these procurements, the negotiations are now being carried out by entirely different individuals – a fact that was well-known to the Plaintiff at the material times; and
 - (c) MHCare was part of a consortium that submitted a bid in both procurements. However, the Plaintiff (presumably intentionally) does not indicate that the consortium that MHCare was a part of was not selected by AHS as the preferred

proponent which is completely inconsistent with the Plaintiff's suggestion that AHS "rigged" a procurement process to benefit MHCare.

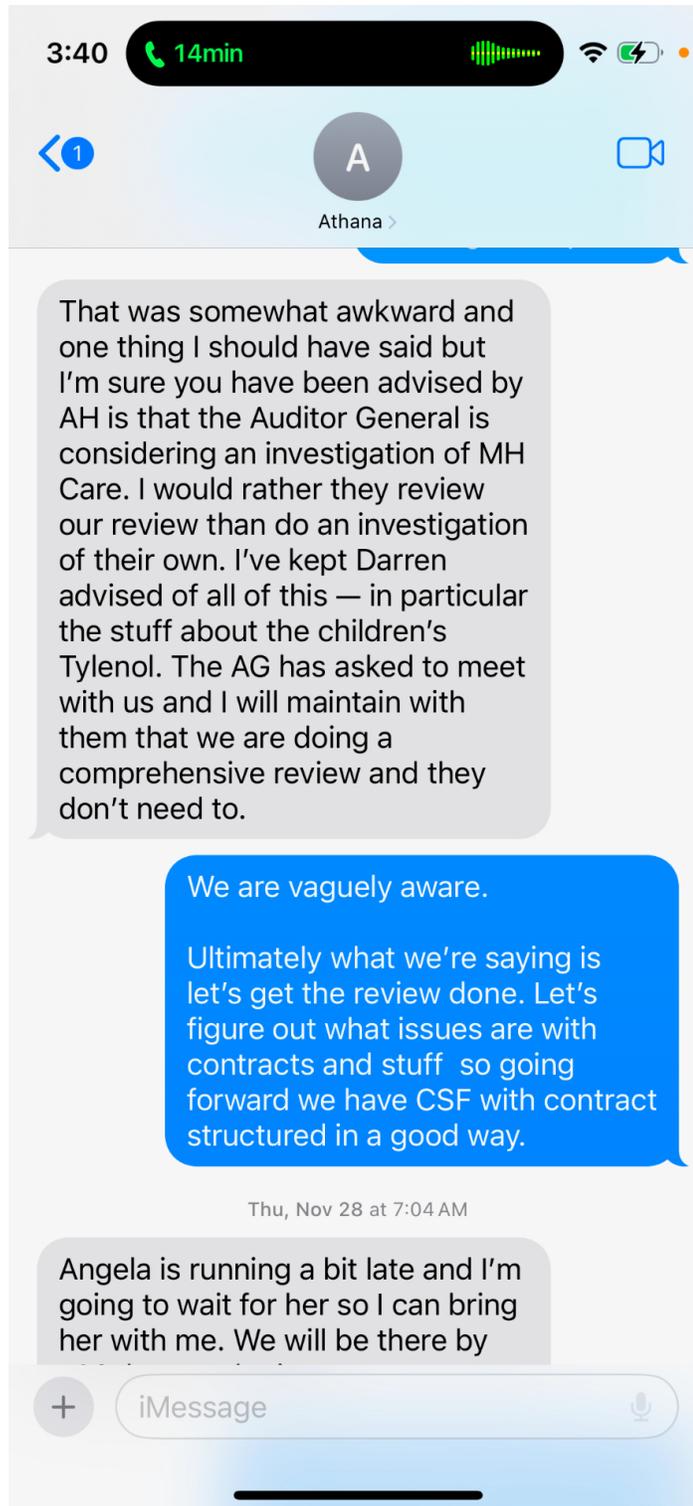
45. Contrary to the allegations in the Statement of Claim, the Province took the Plaintiff's concerns about procurement practices within AHS seriously. Specifically:
- (a) In August of 2024, the Plaintiff advised the Province that she was investigating concerns about extending the Edmonton contract with ASG. This contract, which, as noted above, was procured by AHS years earlier, was one of many contracts AHS had at the time with a variety of operators of CSFs. The Plaintiff carried out the investigations she believed necessary for months without any intervention or objection by the Province.
 - (b) In October of 2024, the Plaintiff was repeatedly told – by the very investigators she had engaged and instructed – that no concerns had been identified that would justify refusing an extension to the existing contract with ASG (the very issue that the Plaintiff had previously advised the Province she was investigating). These conclusions from the investigator were not shared with the Province, yet the Plaintiff persisted in avoiding negotiations to extend this contract in a timely fashion jeopardizing the scheduling of surgeries for thousands of Albertans, all because she was infatuated and obsessed with her investigation and trying to prove wrongdoing by someone.
 - (c) Not satisfied, throughout November and December of 2024, the Plaintiff continued to conduct further investigations into AHS' procurement practices without coming to any conclusions or results. The effect of this was that the Plaintiff was neither advancing the procurement process she was "investigating" nor coming up with any alternative plan to provide the surgical capacity that would be generated through that procurement process. Put differently, she could not do her job.
 - (d) Since any contracts would be administered by Acute Care Alberta (rather than AHS) once Acute Care Alberta became operational as part of the Health System Refocus in early 2025, the Province took steps to press the matter forward by

directing the Plaintiff to share the results of her investigation so the Province could address them in a timely fashion as the Plaintiff was incapable of doing so. This was not a direction to “wind up” any investigation as colourfully suggested in the Statement of Claim. Rather, it was a *transfer* of all due diligence and investigation activities, which the Province continued to actively pursue. While the Statement of Claim makes numerous allegations in relation to an individual named Jitendra Prasad, at the time the Province took over the due diligence activities from AHS, Mr. Prasad was not employed or in any way affiliated with the Province.

- (e) The Province’s efforts to conduct any due diligence were stone-walled by the Plaintiff herself. On January 6, 2025, months and months after she had commenced her “investigation” the Plaintiff provided a letter advising the Province that her investigation had “not drawn any firm conclusions” and, despite being asked to produce any and all investigation records to permit the Province to carry out further due diligence, the Plaintiff was able to provide nothing more than six corporate searches (all of which were freely available to the public by way of a registry search and would have been available throughout the AHS procurement process which had been ongoing for years) and a single email unrelated to any outstanding procurement activities.
 - (f) Despite the Plaintiff’s lack of cooperation, the Province did not “wind up” any investigation or discount the Plaintiff’s concerns, even as unsubstantiated as they were. To the contrary, the Province conducted further due diligence, asking questions of the proponents that the Plaintiff herself had proposed and, in conjunction with AHS (which then cooperated after the Plaintiff’s departure) received further reports and analysis. The Province has confirmed its commitment to identifying and addressing any impropriety within AHS and in fact has since appointed a retired and distinguished member of the judiciary to conduct a comprehensive investigation into AHS’ historical procurement practices.
46. The Province did not, and has not, ignored any concerns about AHS procurement practices. Part of the objective of the Health System Refocus is to promote transparency and

accountability in the delivery of health care services in Alberta to ensure taxpayer dollars are used responsibly. This was done to address issues of historical mismanagement and poor financial performance on the part of AHS – the very organization that the Plaintiff herself was tasked with leading and optimizing.

47. The Plaintiff's suggestion that she has been muzzled, either in terms of her ability to speak with the Auditor General or otherwise, is simply false. The Province has been supportive of any investigation that the Auditor General might seek to complete. Indeed, it was the Plaintiff who was dismissive of any review by the Auditor General when she discussed the matter with the Minister's office:



48. The Plaintiff's suggestion that the timing of her termination was motivated by her planned meeting with the Auditor General is nonsensical.

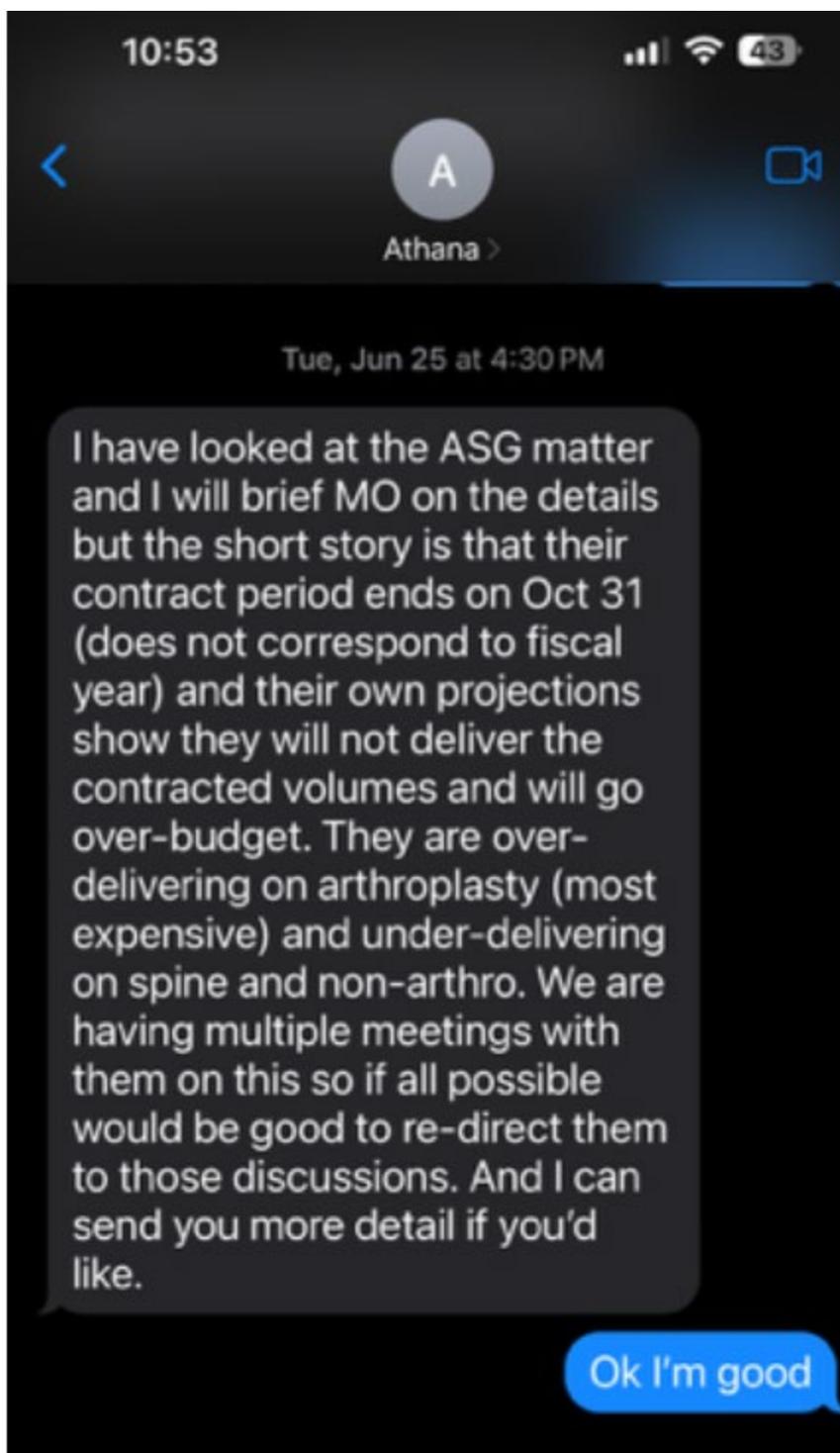
49. On December 23, 2024, at a meeting between the Minister, Deputy Minister and the AHS Board Chair, Angela Fong, the Minister expressed her concern that there had been a loss of confidence in the Plaintiff's ability to carry out her duties in an effective manner and support the Health System Refocus. Termination of the Plaintiff was discussed, and the termination process was supported by Ms. Fong as chair of the AHS Board. For compassionate reasons, the termination of the Plaintiff was deferred until after Christmas holidays (to January 8th) and, at Ms. Fong's suggestion, to provide sufficient time for AHS' legal counsel to prepare a termination letter and related paperwork.
50. The Plaintiff had not told anyone at the Province that she had a January 10, 2025 meeting with the Auditor General at the time the decision was made on December 23, 2024 to terminate her position as President and CEO of AHS.
51. Furthermore, Section 14(2) of the *Auditor General Act* permits the examination of both present and former employees. The termination of the Plaintiff's employment has no bearing whatsoever on her ability to speak with (or be compelled to speak to) the Auditor General.

Mischaracterization of Discussions with Provincial Officials

52. The Plaintiff's Statement of Claim contains numerous misleading statements about her interactions with many government officials or the rationale for various policy decisions undertaken by the Province.
53. The Plaintiff's claim alleges that the Province "interfered" with procurement decisions during her tenure. This ignores the entire context of the Health System Refocus that was going on during this time that expressly involved the disaggregation of AHS into different entities. The Plaintiff's authority was not being "interfered" with – it was, by policy design, being radically diminished as a consequence of the restructuring of AHS which had nothing to do with any of the procurement activities referenced in the Statement of Claim. The Health System Refocus was not about the Plaintiff—it was about transforming how health care was to be delivered in Alberta. One aspect of the Health System Refocus was to remove various procurement duties from AHS and transition oversight over procurement to a new department called the Procurement Systemization and Optimization Secretariat ("PSOS").

Paragraph 18 - 20 of the Plaintiff's Statement of Claim implies that this decision was somehow aimed at shielding CSF procurements from being scrutinized by the Plaintiff for some nefarious purpose. That suggestion is false. CSF procurement was one of a vast number of different procurement activities that were being transitioned from AHS to PSOS as part of the Health System Refocus, and to remove procurement to a separate department to ensure appropriate checks and balances. The reason for this was simple. Following the Health System Refocus there would be four Sector Entities who would all need to procure supplies and services specific to the scope of care each entity was going to provide to Albertans. It would no longer make any sense for AHS – who would at that point by an acute care hospital service provider reporting to one of the Sector Entities, Acute Care Alberta – to be undertaking procurement on behalf of the entire health system.

54. Paragraphs 18 and 19 of the Statement of Claim go on to allege that Marshall Smith (then Chief of Staff to the Premier) made various statements about an individual, Mr. Prasad, who was being considered for a role with PSOS and suggests that Mr. Smith was colluding with Mr. Prasad based on their close personal relationship. All of this innuendo is false. Mr. Smith has no personal relationship with Mr. Prasad and, in fact, Mr. Smith has not met Mr. Prasad outside of the context of a few meetings with numerous other public servants in attendance. Mr. Prasad was considered for a role with PSOS based on his extensive experience in procurement with AHS - not because of any personal relationship with Mr. Smith.
55. The Plaintiff then goes on to express concern about “pressure” from Mr. Smith in June of 2024 in relation to the services being provided by ASG. As set out above, at the time, AHS had no plan to be able to replace the surgical capacity that was being provided by ASG. Given the potential adverse effects for Albertans, Mr. Smith did contact the Plaintiff (which would not – in any way – be unusual) to inquire about the issue. Contrary to the innuendo and accusations against Mr. Smith (about being pressured), the Plaintiff provided Mr. Smith with an explanation that ASG's contract was then set to end on October 31, 2024 as well as some details about ASG's performance to date to which Mr. Smith expressed no pressure whatsoever. In fact, he simply replied to the Plaintiff on June 25, 2024 to say: “OK – I'm good.”:



56. The Plaintiff similarly mischaracterizes an exchange she had with Mr. Smith in relation to the procurement for the Red Deer CSF. At Paragraph 34 of the Statement of Claim, the Plaintiff seems to imply that Mr. Smith was warning her that the proponent for the Red Deer

CSF (an entity led by a number of prominent physicians) was some kind of nefarious and threatening organization. Again, this is a deliberate mischaracterization of the entire conversation. At the time, a commitment letter had been issued in relation to the Red Deer CSF that had been signed by the Plaintiff on March 31, 2024. Yet, by September of 2024, nothing had been done by the Plaintiff to materially advance the procurement or otherwise address the constraints on surgical capacity that the procurement (which had been started years earlier) was intended to address. Mr. Smith expressed his view that it was not fair or reasonable to be leading on a group of professionals who had made a serious effort to tender a bid to provide clinical services that AHS had already committed to.

57. In the context of her role, the Minister also had numerous discussions with the Plaintiff during her tenure about matters affecting the healthcare system, the Health System Refocus, or AHS. The Plaintiff repeatedly mischaracterizes these discussions in her Statement of Claim, including at Paragraphs 47, 49, 50, and 55, presumably to paint herself a victim. Contrary to what is alleged in the Statement of Claim:

- (a) The Minister repeatedly expressed concern to the Plaintiff that any procurement issues identified within AHS needed to be understood because procurement activities were being transitioned out of AHS as part of the Health System Refocus and so would need to be addressed moving forward by others outside of AHS;
- (b) The Plaintiff never provided the Minister with any details about the “findings” of her investigation despite repeated requests by the Minister for these details. Notably, the Plaintiff deliberately concealed the information that she had received from her investigator (an independent national law firm) in October of 2024 specifically confirming that, at that point, there was no justification identified that would warrant refusing to proceed with an extension of ASG’s contract to provide surgical services at the Edmonton CSF;
- (c) The Minister never directed the Plaintiff to halt any investigations. Rather, the Minister advised the Plaintiff that it was important to conclude her months-long investigation so that actionable conclusions would exist instead of the vague and unparticularized speculation the Plaintiff seemed to have. Despite many months of

infatuation with her investigation, the Plaintiff never developed any actionable information.

Any matters that defeat the claim of the Plaintiff:

58. The Plaintiff was not employed by the Province and there has been no breach of any contract between the Plaintiff and the Province as no such contract existed. A contract that does not exist cannot be breached. The Plaintiff was employed by AHS who provided the Plaintiff with adequate notice, or pay in lieu of notice, of the termination of her employment, all in accordance with the agreement she negotiated with the advice of counsel. The Plaintiff is not entitled to any further compensation, benefits, or other payments arising from the conclusion of her employment. Filling her Statement of Claim with allegations of political intrigue and half-truths does not change that. As there has been no breach of the Plaintiff's Employment Agreement there cannot be any cause of action to induce a breach of that contract.
59. The Plaintiff has not properly pled facts necessary to support a cause of action for intentional interference with economic relations and no such claim exists in fact or law based on the claim. Among other things, the Plaintiff has failed to identify what unlawful or actionable conduct the Province has committed as against AHS.
60. The Province did not engage in conduct that was unfair or in bad faith during the course of the termination of the Plaintiff's employment with AHS or at any time.
61. The Plaintiff is obliged to take reasonable steps to mitigate her alleged damages, which are denied, and has failed to do so.
62. There is no factual or legal basis for an award of aggravated, exemplary and/or punitive damages and the Province puts the Plaintiff to the strict proof thereof.

Remedy sought:

63. The Province requests that the within action be dismissed with costs on a solicitor and client basis in light of the incendiary allegations made.