

## **Justice Pharma Program Endorsement Review**

### **Introduction**

On March 23, 2013, Profitable Giving Canada (PGC) issued a written endorsement of the Justice Pharma program based on the Committee review at the time. Since then, there have been a significant number of events and activities that warrant PGC to review its endorsement. We conducted this review to ensure Members who participated in the Justice Pharma Program are actually achieving the benefits anticipated.

### **Results of the Review**

After the review, PGC whole heartedly continues its **Endorsement of the Justice Pharma Program** for donation debt settlement. To date, no other debt settlement program has been found that will effectively settle the donation debts of participants in the COIP, RLG, MLF and PGI gifting arrangement tax shelters. The detailed findings of the review are summarized below.

### **Review Process and Findings**

The PGC review process consisted primarily of examining the performance of Justice relative to the contracts that participants signed. The Justice contracts give specific details of what needs to be done in order to fulfil a donor's contractual debt obligations with any of the four programs covered. The key elements are as follows:

- **Ordering the Correct Pharmaceuticals**  
For debts to be properly settled according to the terms of the contract, "Identical Pharmaceuticals" must be purchased and returned to the program. The identification of these "Identical Pharmaceuticals" turned out to be a more difficult task than originally envisioned due to the fact that the original program contracts had numerous errors in them. For instance, some donors had LZN antiretroviral in their original purchase agreement, received a charity receipt for ciprofloxacin, and a statement of account for ciprofloxacin. In other cases, the RPGA programs refused to supply donors with the proper documents to enable determination. After analysing some 6,000 different purchase contracts, however, Justice has been able to ensure with certainty that donors are ordering the correct "Identical Pharmaceuticals".
- **Placing Orders with Proper Manufacturing Facilities**  
The pharmaceuticals must be placed with proper World Health Organization Good Manufacturing Approved facilities. Our review shows this has been done for all client orders.

In fact, pharmaceuticals have been ordered to settle donor debts valued at over \$100 million. Justice client orders have also been subjected to third party analysis to ensure the quality of the pharmaceuticals. This analysis is something that the donor original contracts and the Justice purchase contracts never envisioned or stipulated, however it has been done.

- Managing a Proper Escrow Account for Client Deposits

The Justice purchase contract requires their clients payments to be placed in an Escrow Trust Fund in Canada, and Justice does not receive full payment until the Escrow Agent ( a Canadian Law Firm) is satisfied that Justice has performed the requirements of the purchase contract. Our review has found that the Escrow agent has in fact been properly managing the trust funds.

- Transferring Title of the Pharmaceuticals to the Purchaser

Once the orders were placed on the manufacturer and the product produced, the ownership of that product must be clearly transferred to the purchaser. Our review found that Justice has in fact provided documentation to its clients regarding the status and title transfer of their orders to them.

- Delivery of the Pharmaceuticals to the Designated Recipient

This activity has proven very difficult for Justice to perform, due to the lack of cooperation from the designated recipients and their related companies and management. Details of this lack of cooperation is available in the Third Interim Report for PGC Investigation 13-001, soon to be released. In spite of this headwind, Justice has been able to effect deliveries of Pharmaceuticals on three test cases and in one test case, achieved a statement of account from the program showing the principal of the loan fully paid. To date, pharmaceuticals have been delivered to the designated warehouse in London, England and the most recent large shipment of pharmaceuticals has been made to a designated South African warehouse. Proof of the South African delivery and acceptance is shown in Appendix 2 below. Justice is dedicating significant resources, well above anything anticipated, in order to effect delivery of client pharmaceuticals to the primary designated recipient and obtain documentation.

- Storage and Warehousing

Justice has undertaken to provide proper storage and warehousing of the clients pharmaceuticals pending delivery to the designated recipient. Our review has found that Justice has in fact gone far and beyond their anticipated time frame for this activity. Justice is so intent on effecting delivery that they have absorbed an excessive amount of cost for proper warehousing, much more than is in the purchasers' contract.

- Legal Support and Representation

This is arguably the most important element of the Justice Pharma program deliverable. Donors who are attempting to settle their debts are in a big fight with their lender. Donors are at serious risk of damage to their credit ratings, and personal financial situation by the RPGA

program management and the only effective mechanism to protect them is through legal representation. Justice originally established this by obtaining a [Legal Opinion](#) to demonstrate to donors that the Justice Pharma program would properly settle their debts for tax purposes. Justice then established a strong working relationship with a Canadian Law Firm who handles all the transactions for donors. Additionally, Justice has provided legal advice and action for some donors who were being threatened with debt collection activities. Justice has indicated a strong commitment to continue this client representation going forward, including providing full support for the CRA arguments anticipated.

- Client Communications

Justice has grown an increasing team of Canadian Affiliates who are responsible for most day to day client communications. These affiliates appear to have a genuine goal to protect their clients' interests and support them going forward. Justice BVI head office is not staffed for most day to day client communications, however, in spite of this, Justice has issued periodic updates to clients, issued the required legal documents, and responds to client inquiries.

Finally, to provide proof and undisputable evidence that Justice has done what it is required to do, they have engaged two of the world's most reputable and renowned Accounting and Audit firms to audit their process; Ernst & Young and KPMG. PGC has reviewed the full reports from these two auditors and summarized them in Appendix 1 below.

## Appendix 1

Verified Physical Condition of Stock  
Verified Batch Number Certificates  
Verified Drug Manufacturer's Licence  
Verified Supplier's WHO-GMP Certificate  
Verified Supplier's ISO Certificate  
Verified Supplier's GLP Certificate  
Verified Third Party Analysis  
Verified Shipping Documents to Recipient



Justice Trading Limited

Stock Audit at Bharat Parentals Ltd.

September 2014

KPMG, an Indian Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG Network of Independent Member Firm Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Justice Trading Limited  
Commencement of Mandate/Retainer

Internal Audit Report  
June 02, 2014

Verified Justice' Order Processing and Controls  
Verified Justice' Document Control  
Verified Supplier's WHO- GMP Certificate  
Verified Physical Inventory to Purchase Orders  
Verified MFG and Third Party Analysis Certificates  
Verified Justice' Ownership and Title Transfers  
Verified Warehousing Conditions as per GMP  
Verified Shipping and Deliveries as Required



## Appendix 2

**INTERSPED (PTY) LTD**  
**THE WAREHOUSE UNT 4 & 5 C/O**  
**CONSTANTIA & DEODAR RD**  
**POMONA EXT 127**

Telephone: (011)3938300

### Delivery Note

**ATTENTION :** GILLIAN DUMAS

<b>Delivered to:</b> KWELA LOGISTICS - ADD; 53 MAPLE STREET, POMONA
<b>Del instructions:</b>

<b>Document No:</b>	120022
<b>Account No:</b>	N/A
<b>Order No:</b>	SUNRX CARGO
<b>Date:</b>	2014/10/09

File Number	OBL / M.A.W.B	Vessel / Flight No. and Date	Packages	Kgs/CBM
409.JSI.9317	MAEU603479935	HENRY RICKMERS      1411    2014/08/12	46	940.16 40.000

**Supplier**      JUSTICE TRADING LTD

Description/Details
MEDICINES FOR EXPORT  THIS IS TO CONFIRM DELIVERY AND RECEIPT OF THE IDENTICAL PHARMACEUTICALS TO SETTLE THE OUTSTANDING DEBT PRINCIPLE. THE GOODS HAVE BEEN PHYSICALLY TRANSFERRED TO AND ARE NOW UNDER THE SOLE CARE AND RESPONSIBILITY OF THE SIGNATORY
Tracking No: 409.JSI.9317  Driver: _____      Signature: _____

**C.O.D CHARGE :** 0.00

No responsibility for damage or shortage will be accepted unless the delivery note is endorsed accordingly.

09/10/2014  
 \_\_\_\_\_  
 Date/Time

Quentin M  
 \_\_\_\_\_  
 Name [Print]

Received in good order & condition  
 \_\_\_\_\_  
 [Signature]