



For Action with Confidential Attachment

Update on TTC Benefit Fraud Cases

Date: October 24, 2019
To: TTC Board
From: General Counsel

Reason for Confidential Information

This report is about litigation that affects the TTC.

This report contains advice or communications that are subject to solicitor-client privilege, including communications necessary for that purpose.

Summary

The purpose of this report is to obtain instructions from the Board regarding a possible resolution of certain legal matters as detailed in the confidential attachment.

Recommendations

It is recommended that:

1. The TTC Board approve the confidential recommendations as set out in Confidential Attachment 1.
2. The TTC Board direct that confidential recommendations and information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains information subject to solicitor-client and other privileges.

Financial Summary

The financial impact is set out in Confidential Attachment 1.

Equity/Accessibility Matters

None identified.

Decision History

The TTC provided an update to the TTC Board about the ongoing benefits fraud investigation and related litigation at the July 10, 2018 and April 11, 2019 board meetings. The public portion of the reports can be found at the following links:

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2018/July 27/Reports/5 Ongoing TTC Benefits Fraud Investigation.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2018/July%2027/Reports/5%20Ongoing%20TTC%20Benefits%20Fraud%20Investigation.pdf)

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/April 11/Reports/4 Update on Benefits Fraud Labour Arbitration Cases.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/April%2011/Reports/4%20Update%20on%20Benefits%20Fraud%20Labour%20Arbitration%20Cases.pdf)

Issue Background

In April 2014 the TTC received information through its confidential Integrity line that TTC employees were working with a company named Healthy Fit Inc. (Healthy Fit) to defraud the TTC benefit plan. The allegations were that employees, in conjunction with Healthy Fit, were filing false or inflated claims for health products such as orthotics, orthopaedic shoes, compression hoses, braces and other products covered by the plan.

The TTC, working with its then-benefits provider Manulife, launched an investigation. Working with undercover investigation staff, the TTC and Manulife discovered that a health services clinic was offering to provide TTC employees fake or inflated receipts if they agreed to split the money they would eventually be reimbursed by Manulife. The matter was ultimately referred to Toronto Police Service for investigation.

Comments

As part of the TTC efforts to recover its losses associated with the benefits fraud, TTC has initiated legal claims against a number of parties, including, TTC former employees, Healthy Fit Inc., Adam Smith (owner of Healthy Fit), Judy Sola, and The Manufacturers Life Insurance Company, operating as Manulife.

TTC has also submitted a separate insurance claim and proof of loss to its insurer, Chubb Insurance Company of Canada.

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Signature

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Attachments

Confidential Attachment 1 – Update on TTC Benefit Fraud Cases