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OMBUDSMAN'S REPORT » LACK OF SCRUTINY ON RETAILER WINS

Fired Lotto Corp. boss given controversial payout

Former CEO who was let go after scandal receives more than \$600,000 in severance, including bonuses and car allowance

BY IAN BAILEY VANCOUVER

The former president and CEO of British Columbia Lottery Corp. has been awarded more than \$600,000 in direct severance, months after he was fired over an Ombudsman's report that raised concerns about policing retailers selling tickets.

The bulk of Vic Poleschuk's severance is a \$412,500 payout in salary over 18 months that

he is entitled to under the terms of his 1999 employment contract.

But the agreement also includes a \$144,375 performance bonus equal to 35 per cent of his base salary over 18 months.

And there are other items, including \$19,800 in car allowance for Mr. Poleschuk, who spent 22 years with the company, including nine years in the top job, before the board

decided in June that he was not the leader to deal with the fallout from the Ombudsman's report.

"It's not a matter of like or dislike. That's the way it is," John McLernon, chair of the board of directors, told a conference call with reporters yesterday when pressed on whether he was happy with some features of the deal.

Gavin Hume, lawyer for the

corporation board, said repeatedly during the conference call that the corporation was duty bound under Mr. Poleschuk's employment contract to provide for such things as the bonus payment and car allowance.

Mr. Hume said he expected the courts would have forced the corporation to pay up on such measures had it tried to withhold them in the agree-

ment.

Mr. Poleschuk, the corporation conceded yesterday, was fired as its board sought new leadership to deal with its response to Ombudsman Kim Carter's report, which found a lack of scrutiny of retailers who were playing the lotteries. Mr. Poleschuk was replaced on an interim basis by Dana Hayden, a former deputy minister in the office of Premier Gordon

Campbell.

Mr. Poleschuk, for one, was happy yesterday with the severance deal.

"It is a large settlement amount that sends a clear message that he conducted his end of the employment bargain in a professional way. It clears the air about things, he thinks," said Murray Tevlin, Mr. Poleschuk's lawyer.

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Former CEO sees deal as validating his view of wrongful dismissal

» Mr. Tevlin said Mr. Poleschuk sees the large amount of the agreement as validating his view that he was wrongly dismissed from his job.

The lawyer acknowledged that the sum may cause some public concern.

"It is a lot of money. There is no doubt about that, but it's the amount of money that was negotiated in the contract," said Mr. Tevlin, referring to Mr. Poleschuk's employment agreement should he be fired without cause.

"If they wanted to do what they have done, this is what they agreed had to be done, and this is what's happened. Whether this is the best use of that money? Mr. Poleschuk would be happier if none of this had happened."

The total compensation announced yesterday also includes \$19,044 in expenses for replacing long-term disability, life insurance and accidental death and dismemberment coverage, and \$7,643.70 to continue dental, extended health and B.C. medical coverage for 18 months.

When Mr. Poleschuk was fired, his annual salary was \$275,000, plus a \$1,100-a-month car allowance and an annual performance bonus of up to 45 per cent of annual salary. For the fiscal year 2005/2006, Mr. Poleschuk's total compensation was \$442,667, including vacation payout for three fiscal years.

But there could be more for Mr. Poleschuk.

The board also said yesterday that it has deferred making a decision on the award of



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2006 bonuses to senior management at the corporation until the completion this fall of an independent audit ordered by the Solicitor-General.

If it proceeds with bonuses, Mr. Poleschuk could be entitled to an amount not exceeding 45 per cent of his base salary.

The Manitoba-born Mr. Poleschuk started in the lottery business in 1979, working with the Western Canada Lottery Foundation. He came to the B.C. corporation in 1985, its startup year, as a vice-president. The married father of four lives in Kamloops, the headquarters for the corporation. He said he plans to look for another job.

The corporation yesterday released a forensic audit conducted for it by a Vancouver firm, which found shortcomings in past payout and investigation processes, and also that the corporation did not adequately enforce policies on play by retailers. The corporation is taking various measures that include prohibiting lottery retailers from playing lottery games at work and scrutinizing retailer wins.