

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF
ALBERTA

JUDICIAL CENTRE

EDMONTON

PLAINTIFFS

ATHANA MENTZELOPOULOS

DEFENDANTS

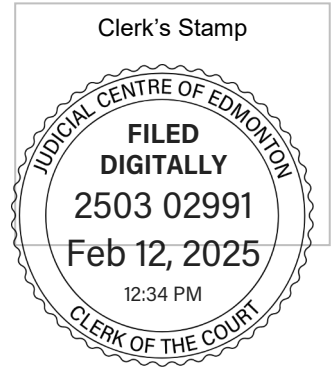
ALBERTA HEALTH SERVICES, HIS
MAJESTY THE KING IN RIGHT OF
ALBERTA as represented by ADRIANA
LaGRANGE in her capacity as MINISTER
OF HEALTH

DOCUMENT

STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

STATEMENT OF FACTS RELIED ON:

a) The Parties

1. The Plaintiff ("Mentzelopoulos") is an individual residing in Edmonton, Alberta. Mentzelopoulos has extensive leadership experience within various Provincial governments and the Federal government. She has served in a variety of senior roles within the public sector in both Alberta and British Columbia, including as the Deputy Minister of Treasury Board and Finance for both provinces. At the date of the purported termination of her employment on January 8, 2025, Mentzelopoulos was 57 years old.

2. The Defendant Alberta Health Services (“AHS”) is a regional health authority created under the *Regional Health Authorities Act*, RSA 2000, c. A-38, which legislation was replaced on May 30, 2024, by the *Provincial Health Agencies Act*, RSA 2000, c. P.32.5 (the “PHAA”).
3. At all material times, the Plaintiff was employed by:
 - a. AHS pursuant to Employment Agreement dated December 7, 2023; or
 - b. in the alternative, and specifically after May 30, 2024, the Defendant His Majesty the King in Right of Alberta as represented by Ariana LaGrange in her capacity as the Minister of Health (“Minister LaGrange”); or
 - c. in the further alternative, by both AHS and Minister LaGrange after May 30, 2024.

b) The Relevant Facts

4. Mentzelopoulos was the President and Chief Executive Officer of AHS from on or about December 7, 2023 until she was purportedly terminated without notice by the Deputy Minister of Health in a Zoom meeting on January 8, 2025. It is still unclear who, if anyone, with actual legal authority within AHS made the decision to terminate Mentzelopoulos, or if it was, in fact, AHS that made the decision at all.
5. At all material times, Mentzelopoulos reported to the AHS Board of Directors and the Executive Chair pursuant to the terms of her Employment Agreement. She carried out her duties loyally and faithfully, operated at all times with a view to the best interests of AHS, and in accordance with best management practices and operational standards. For its part, the Defendants, or either of them, owed Mentzelopoulos a duty of good faith in its conduct relative to her employment, and owed her a duty to be honest, and not to act in capricious or arbitrary manner.
6. As AHS President and CEO, Mentzelopoulos’ mandate included (among many other duties):
 - a. assessing and approving RFPs for two new Chartered Surgical Facilities (“CSFs”), including in Red Deer and Lethbridge, Alberta, and
 - b. negotiating a new contract and payment rates for the Alberta Surgical Group (“ASG”) in Edmonton, Alberta (the existing 2-year contract between AHS and ASG expired in October 2024).
7. Mentzelopoulos undertook these duties (and all other President and CEO duties) with a view to the best interests of AHS, and in accordance with the best practice management and operational standards.

8. On January 8, 2025, Mentzelopoulos was asked to attend a Zoom call with AHS Board Chair, Angela Fong. When Mentzelopoulos signed onto the Zoom meeting, she was surprised to see that Chair Fong was not in attendance. Rather, Deputy Minister of Health Andre Tremblay (“Tremblay”) had signed into the Zoom meeting, along with Connie Webster (AHS Executive Director of HRBP and Ability Management). Tremblay then advised he was terminating Mentzelopoulos as President and CEO of AHS. Tremblay signed a termination letter supposedly on behalf of the AHS Board of Directors despite Tremblay not being the Executive Chair of the AHS Board, and in the absence of an AHS Board motion to terminate Mentzelopoulos.
9. In short, Mentzelopoulos was purportedly fired over Zoom, in the absence of AHS Board approval, by someone from the Ministry of Health who lacked actual authority to do so, and after she was misled about the attendees for, and the purpose of, the meeting.
10. Further, Tremblay purported to terminate Mentzelopoulos’ employment with AHS because Mentzelopoulos had authorized an internal investigation and forensic audit into various AHS contracts and AHS procurement processes, including contracts with private healthcare providers and suppliers, and had supported a proper due diligence assessment and costings for contracts with several private surgical facilities whose principals were connected to various Government officials. AHS had also undertaken an investigation into potential conflicts of interest around CSF and other AHS procurement issues including an unfulfilled \$70 million contract between AHS and MHCare for children’s acetaminophen.
11. In other words, Mentzelopoulos was purportedly terminated capriciously, arbitrarily, and in bad faith because she was actually carrying out her duties for AHS.
12. By January 2025 Mentzelopoulos had completed just over 1-year of a 4-year contract as President and CEO of AHS.
13. Prior to becoming CEO and President of AHS, Mentzelopoulos had left her position in the Government of Alberta and accepted a position as the CEO of the Alberta Medical Association (“AMA”).
14. However, in the Fall of 2023 Mentzelopoulos was recruited – and pressured – by Tremblay and other Government officials to leave AMA and become the President and CEO of AHS. In December 2023, as a direct result of this recruitment and pressure by Government officials, Mentzelopoulos agreed to resign her position with AMA and become the President and CEO of AHS.
15. On December 7, 2023, Mentzelopoulos and AHS signed a 4-year term contract pursuant to which Mentzelopoulos became the President and CEO of AHS. As of January 2025, Mentzelopoulos would have earned approximately \$1.7 million in base salary, plus benefits, over the remaining term of the 4-year contract.

16. Throughout 2024 Mentzelopoulos had been repeatedly subject to interference and pressure from various Government of Alberta officials – including the Premier’s then Chief of Staff, Marshall Smith – to sign off on commitments for the new CSFs, and approve a contract extension for ASG, despite significant concerns within AHS around the true ownership and potential costs of the CSFs, and concerns over the significantly increased costs of the ASG contract when compared to other private contractors and also compared to internal AHS costing estimates. During 2024, Mentzelopoulos also learned that ASG was being promoted by former MLA Doug Horner, and that ASG had somehow been awarded a 2-year CSF contract despite having been uncompetitive in the initial RFP process for CSF contracts.
17. The efforts by Government officials to increase prices being paid to private suppliers, both in excess of prices being paid to other private suppliers and also internal AHS costing, ran contrary to her extensive experience in government negotiations, including when she had served as a Deputy Minister of Finance and Treasury Board.
18. In early 2024, Marshall Smith told Mentzelopoulos that an individual named Jitendra Prasad (“Prasad”) “was his guy” and that Prasad had been put in place at Alberta Health to make sure that the Government could “get contracting right”. Shortly after this discussion, Prasad contacted Mentzelopoulos and advised that he was close to Marshall Smith, and he was working to set up a new healthcare contracting group within Alberta Health.
19. For her part, Mentzelopoulos was uncomfortable with the inference that Prasad would be taking some level of direction from Marshall Smith, and potentially the Premier’s Office, on AHS procurement and contract issues that were specific to AHS and that fell within Mentzelopoulos’ mandate as President and CEO.
20. Further, in the subsequent AHS assessment and investigation into the CSFs and ASG contract (particulars of which are set out below) Mentzelopoulos became aware that Prasad, who had been seconded by AHS to Alberta Health in December 2023 and who was involved in the negotiation and analysis of various AHS contracts, had a potentially serious conflict of interest. Specifically:
 - a. Prasad retired briefly from AHS in April 2022 before becoming a contractor for AHS , and then returned as an AHS employee in the position of Chief Program Officer, and later Special Advisor, for AHS Contracts, Procurement, and Supply Management (“CPSM”) from October 2022 to December 2023, before then being seconded from AHS to Alberta Health,
 - b. but Prasad had an MHCare Medical email address (jprasad@mhcaremedical.com) in November 2022 just before the then Minister of Health directed AHS to enter into a contract with MHCare for a \$70 million children’s acetaminophen purchase order and supply agreement, and Prasad may also have been retained or otherwise contracted by persons who were involved with the CSFs and other AHS procurement contracts in and after 2022.

These potential conflicts of interest were still being investigated as of January 8, 2025.

21. In June 2024, Mentzelopoulos received a call from Marshall Smith who was inquiring into why (as he understood it) AHS was “capping” the contract with ASG. Mentzelopoulos explained there was no “cap” and advised that ASG needed to continue working within the existing contract provisions with AHS. Mentzelopoulos was concerned as to why the Premier’s Chief of Staff was calling the President and CEO of AHS and making inquiries seemingly on behalf of a private surgical provider.
22. On June 26, 2024, Mentzelopoulos sent an email to Tremblay, Darren Hedley (Associate Deputy Minister of Health), and Nicole Williams (Chief of Staff for Minister LaGrange) in case the “capping” concerns were raised with Alberta Health. Mentzelopoulos summarized a number of facts and projections around the ASG contract. She then raised the concern that ASG was projected to exceed the contract value by almost \$3.5 million in billings but was also being projected to not deliver the required number of surgical procedures under its contract with AHS. Mentzelopoulos did not receive a response to her email and assumed Alberta Health agreed with her concerns.
23. In July 2024, Mentzelopoulos unexpectedly received a draft agreement from Alberta Health that would have given Alberta Health the right to approve procurement contracts – including contracts for private surgical facilities such as ASG – on behalf of AHS. Mentzelopoulos refused to sign the contact, but her refusal was overtaken by later events in October 2024.
24. During the summer of 2024, Mentzelopoulos was again contacted by Marshall Smith who advised Mentzelopoulos that “powerful people” were upset and angry about the twitter feed of an AHS employee (Nate Pike, an AHS paramedic) who was apparently posting criticism of the Government while on duty. Smith alleged that a complaint and lawsuit were going to be filed against Mr. Pike.¹ Mentzelopoulos asked Smith if he was trying to tell her that AHS had to fire Mr. Pike. Smith replied that Mr. Pike was “your employee” and “you’re going to look very bad” and there would be “consequences”. Mentzelopoulos advised Smith that she would not fire Mr. Pike, but after the discussion she contacted AHS leadership and advised them to speak to Mr. Pike about not tweeting while at work.
25. This type of call from Smith was not unique, as Mentzelopoulos had previously been pressured by Tremblay (via text message) to terminate purported critics of the Government including Carmelle Steinke, Jeremy Theal, and Sherri Kashuba. In support of this pressure from Tremblay, the Chief of Staff of Minister LaGrange sent Mentzelopoulos a screenshot of the allegedly offensive tweet that had been “liked” by one of these individuals.
26. Later during the summer, Marshall Smith again spoke to Mentzelopoulos, this time about another twitter feed called “Hansard the Cat” that was apparently critical of the Government. Smith outlined a number of steps, including private detectives, lawyers, and (apparently) hackers, that were being used to discover the identity of the person(s) posting under the “Hansard the Cat” name.

¹ MHCare Medical and Sam Mraiche have since filed a \$6,000,000 defamation lawsuit against Nate Pike, among other defendants

27. It was during this conversation that Smith told Mentzelopoulos about “Sam”, who was apparently taking legal action to force disclosure of the identity of “Hansard the Cat”. Smith told Mentzelopoulos that he “would be taken care of for the rest of his life”, somehow in relation to “Sam”. Mentzelopoulos understood that “Sam” was Mr. Sam Mraiche, the principal and CEO of MHCare Medical, who had been the subject of media reports for having allegedly taken various Government Ministers and officials to Oilers hockey playoff games in May and June 2024.
28. In August 2024, Mentzelopoulos was asked by Alberta Health officials to meet specifically with ASG to discuss the status of their contract. Mentzelopoulos was told that Doug Horner was unhappy about ASG services being “capped.” Therefore, on August 23, 2024, Mentzelopoulos met with ASG officials. During that meeting, ASG officials alleged that they had been told that the current contract would not be binding in terms of pricing and services, and that there was some kind of “contingency” provision if ASG exceeded the volume of contractual surgical procedures. Mentzelopoulos could not find any support for these allegations in the contract itself.
29. After the meeting with ASG, Mentzelopoulos undertook a further review of the existing ASG contract and noted significant differences in the ASG contract compared to other AHS procurement contracts. Among other issues, she noted that the ASG rates were higher than other comparable private service providers and that AHS was potentially paying ASG for services that were not being used. She continued to have serious concerns about the proposed rates and costs for a new ASG contract and felt that AHS needed more information before continuing negotiations.
30. On August 29, 2024, Mentzelopoulos sent a letter to Tremblay – in his capacity as Deputy Minister of Alberta Health – outlining the concerns raised by ASG officials on August 23, 2024. In the letter Mentzelopoulos provided a summary of concerns around the ASG contract and advised Tremblay that she had completed an informal review of the ASG contract and had identified provisions “that materially differ from similar arrangements between AHS and other contract surgical providers”. Mentzelopoulos noted that the differences included “a provision to pay for two overnight stays per procedure, something that would not have been supported by clinical advice and which we know has not been required”.
31. The letter confirmed that the ASG contract was expiring on October 31, 2024 and ASG was requesting an extension of the contract, and therefore, AHS needed to understand the issues around the ASG contract before taking further negotiations. The letter stated there was a “need to ensure a robust and transparent system for allocating orthopedic surgeries”, and that the CSF contracts were Central and South Zones were being negotiated and “the successful proponents are advocating for terms similar to those found in the [ASG] Contract”. Mentzelopoulos advised Tremblay that “[g]iven the Crown’s commitment to prudent stewardship of public funds, the information arising from my discussion with ASG is very concerning”, and that she was pausing contract negotiations with ASG until AHS had completed a review of the potential costing and review of contract terms. She paused negotiations on other CSFs pending a review of the ASG contract on the basis that similar contracts would likely be required for the new CSFs.

32. Mentzelopoulos then advised the AHS Board about potential concerns over the existing ASG contract and the renewal negotiations, and the resulting pause on the other CSF negotiations. Before that briefing, Mentzelopoulos was told privately by a Board member to be “very careful” about what she was doing and that she needed to potentially be cautious about her personal safety given some of the people potentially involved behind the scenes. Out of an abundance of caution, Mentzelopoulos contacted AHS protective services for a risk assessment. AHS protective services undertook a risk assessment and advised Mentzelopoulos that she was unlikely to be at risk of any physical harm, but that the individuals involved in ASG would likely apply political pressure to have her terminated from AHS if she threatened their financial interests.
33. On September 16, 2024 Mentzelopoulos met for dinner with Minister LaGrange at Pacini Calgary Northwest after requesting private time with her. At the dinner Mentzelopoulos advised LaGrange that AHS had begun an internal review of some concerning files that potentially had linkages to individuals who had been in the news over the summer. Mentzelopoulos’s intention at this dinner was to reassure the Minister that while this was a very complex and potentially sensitive matter, it would be appropriately managed by AHS. This was the first time Mentzelopoulos discussed these issues with Minister LaGrange. The dinner took place approximately 2 weeks after AHS had commenced its internal review into the ASG contract.
34. On September 21, 2024, Mentzelopoulos received another call from Marshall Smith who wanted to know the status of negotiations on the CSFs in Red Deer and Lethbridge, Alberta. Smith advised Mentzelopoulos that there were “serious businessmen” who were unhappy with the delays in negotiations, and they needed AHS to approve the CSFs in order to secure financing. Mentzelopoulos explained the reason for the delay, but Smith ended the conversation with a comment that the CSF principals were “serious people – do not mess with them”.
35. On October 1, 2024, Mentzelopoulos sent a draft letter to Darren Hedley (Associate Deputy Minister of Health) entitled “Chartered Surgical Facilities – Recommended Next Steps”. The draft letter was addressed to Minister LaGrange but Mentzelopoulos noted that it should likely be sent to Tremblay as the Deputy Minister of Health. The draft letter raised the specific concern that “CSFs continue to demand higher pricing than the equivalent comparable cost within AHS and with other surgical providers”. The letter then set out 6 recommendations to “ensure appropriate management of both financial and operational resources” including a recommendation that “CSF pricing should not exceed the validated AHS internal costs” and that “pricing paid per procedure should reflect a competitive market” including AHS and its existing private surgical providers.
36. The letter included price comparisons for orthopedic surgical procedures provided by AHS and various private surgical contractors, including rates for ASG and the Clearpoint Health Network (“Clearpoint”) in Calgary, Alberta, as well as the rates being proposed by the proponents for Central and South Zone that were still being negotiated with AHS. The letter indicated that the Clearpoint pricing was competitive with AHS internal costs, but there were very significant differences in pricing between Clearpoint (who had recently won a competitive bid process and entered into a 7-year contract with AHS) and pricing proposed by ASG and the Central and South Zone contractors.

37. On October 3, 2024, Mentzelopoulos then met with Hedley and Tremblay to recommend a new pricing and a “regulated rate” for the new ASG contract extension and other CSFs based on the October 1, 2024 draft letter. Mentzelopoulos was aware that Alberta Health wanted to expedite the CSF contracts and she developed this approach as a basis to do so. Mentzelopoulos advised Alberta Health representatives that, in her view, if the prices offered for services were defensible, then concerns about process could be obviated. Alberta Health said they appreciated Mentzelopoulos’ work on the issue and would get back to her shortly.
38. However, shortly after the meeting Mentzelopoulos then received a directive from Minister LaGrange (the “October Directive”). The October Directive indicated that all CSF contract negotiations, including the renewal contract for ASG, for AHS would now be done under Alberta Health leadership. The October Directive also set out specific rates for CSFs that Mentzelopoulos later determined were in excess of the most recently negotiated AHS rates (e.g. rates between AHS and a CSF being built at the Enoch Cree Nation) and would lead to significantly increased costs to AHS – and potentially hundreds of millions in profits for the CSFs owners.
39. Mentzelopoulos asked Alberta Health who specifically would be handling the negotiations under the October Directive, and she was told that Prasad would lead the negotiations on behalf of Alberta Health. Mentzelopoulos was also told that Prasad had helped draft the October Directive.
40. Mentzelopoulos had previously arranged meetings with senior Government officials, including Deputy Minister to the Premier Ray Gilmour on October 4, 2024, to outline her concerns about the relationship between Prasad and Marshall Smith, and potential conflicts involving Prasad, MHCare, and potentially the CSFs. Gilmour said he “would look into it” but Mentzelopoulos never heard back from Gilmour.
41. In October 2024 AHS also received a media inquiry regarding the AHS purchase of children’s ibuprofen and acetaminophen that included questions about any business AHS had with MHCare Medical and any other companies owned by Sam Mraiche. The media inquiry was sent to Prasad to draft a reply because Mentzelopoulos had been told by Alberta Health that Prasad was the person who negotiated the AHS purchase contract for children’s acetaminophen and knew “everything” about the deal.
42. Several days later, Mentzelopoulos received the proposed reply drafted by Prasad and apparently reviewed by staff in Alberta Health and by the Premier’s Office. The response indicated that AHS did not have any contract with MHCare, and that the children’s ibuprofen / acetaminophen contract had been between AHS and a Turkish company (Atabay Pharmaceuticals), a statement that Mentzelopoulos knew was false. Individuals involved in the preparation of the draft reply and the underlying information were then placed on administrative leave, although the administrative leave of one individual employed by Alberta Health was reversed – purportedly at the direction of the Premier’s office.

43. As a result, Mentzelopoulos requested information from AHS finance officials and learned that AHS had purchased approximately \$614 million in supplies and services from MHCare and other companies affiliated with Sam Mraiche, including the 2022/2023 contract for children's ibuprofen/acetaminophen. Mentzelopoulos further learned that the \$70 million for purchase of children's ibuprofen and acetaminophen had been paid upfront, and likely at a significantly increased price, and that AHS had been directed by the then Minister of Health to make the purchase against the recommendation that AHS had specifically provided to the then Minister of Health, which was in turn provided to the Premier's office.
44. As a result of Prasad's demonstrably false draft media response and the subsequent analysis by Mentzelopoulos and her staff of contracts between AHS and MHCare (and other companies affiliated with Sam Mraiche), Mentzelopoulos initiated an external forensic audit by the law firm Borden Ladner Gervais LLP in early November 2024. AHS then disclosed the fact of its investigation and external forensic audit to the Auditor General.
45. The Auditor General's office indicated it had received other requests to investigate MHCare and wanted a dedicated briefing on the results of the AHS investigation and audit. The briefing was delayed but was eventually scheduled for January 10, 2025, being 2 days after Mentzelopoulos was purportedly terminated on the Zoom call by Deputy Health Minister Tremblay.
46. In November 2024, and as the internal AHS review and the external forensic audit was continuing, Minister LaGrange sent a new directive that limited Mentzelopoulos' financial decision-making authority as CEO.
47. On November 25, 2024, Mentzelopoulos and Board Chair Fong met with Minister LaGrange as part of a weekly briefing. In advance of that meeting, Fong asked Mentzelopoulos to be prepared to brief the Minister on the internal investigation. Mentzelopoulos advised Fong that with the forensic audit having only just started days prior, it was premature to brief the Minister, however during the weekly meeting Fong invited Mentzelopoulos to update the Minister on the internal investigation, Mentzelopoulos advised LaGrange that work that had started as a narrow review of one CSF contract in September had necessarily been broadened in early November. As such, there were no "hard findings" yet to report but that materials Mentzelopoulos had seen were concerning. Minister LaGrange then told Mentzelopoulos that she wanted to "wind it up."
48. By December 2024, Mentzelopoulos was hearing rumours that her employment was in jeopardy because of the ongoing AHS investigation and audit – despite the AHS Board being supportive of those same initiatives.
49. On December 2, 2024, Mentzelopoulos met with Minister LaGrange and was told she had been on "a different page lately" compared to the Minister. Minister LaGrange said that Mentzelopoulos had done "phenomenal things" since being appointed CEO for AHS but said that the "front lines" were not getting information about the health care re-focusing. They discussed various issues around healthcare restructuring, and the Minister provided Mentzelopoulos with conflicting advice. The Minister was critical of Minister Jason Nixon for "jumping the gun" on healthcare refocusing but she also complained that AHS was not moving quickly enough with the refocusing initiatives.

At the end of this 2-hour meeting the Minister told Mentzelopoulos that they had not even discussed “the good stuff”, which the Minister then said was “the investigation”.

50. As a result, a further meeting was scheduled for December 9, 2024, to discuss the investigation and audit with Minister LaGrange. The meeting was cancelled because the Minister was ill, but Mentzelopoulos then received a request from Deputy Minister of Health Tremblay for an update on the CSF investigation. This was the first and only request of this nature from Tremblay or Alberta Health.
51. Therefore, on December 9, 2024, Mentzelopoulos sent Tremblay an email that followed up on her initial letter to Tremblay on August 29, 2024 and the October 1, 2024 draft letter sent to Associate Deputy Minister of Health Darren Hedley (entitled “Chartered Surgical Facilities – Recommended Next Steps”). The email summarized steps taken since the August 29, 2024 letter, and indicated that she was waiting for the final AHS report into the CSF contract review. The email also raised the ongoing review of the AHS and MHCare contract for children’s acetaminophen.
52. On December 11, 2024, Mentzelopoulos met with Tremblay and discussed her email update about the interim status of review and investigation of the CSFs. Tremblay wanted to know when negotiations on the CSFs could resume. Mentzelopoulos advised that AHS was prepared to restart negotiations immediately and said the negotiations on the CSFs would continue to be informed by proper procurement practices and advice (including from AHS legal) so as to secure the best terms and pricing for AHS.
53. On December 12, 2024, Mentzelopoulos was called by Darren Hedley and advised that Tremblay had briefed Minister LaGrange after the December 11, 2024, meeting, but the Minister was dismissive of the need to continue the internal investigation. Hedley told Mentzelopoulos that Minister LaGrange “wants the [CSF] contracts signed next week”. Mentzelopoulos replied that if the Minister wanted the contracts signed without completing the proper due diligence, then perhaps Hedley or someone at Alberta Health should sign the contracts directly. Hedley declined that option but advised Mentzelopoulos that the principals behind the CSFs were “calling every day” and the pressure was intense.
54. By December 12, 2024, Mentzelopoulos and others within AHS had significant concerns about CSF due diligence issues and possible conflicts of interest by (then former) AHS employees around the CSF negotiations and possibly around MHCare. The concerns included:
 - a. Prasad had been a leader in the AHS CPSM group prior to his retirement from AHS. However, he then began consulting for private companies including potentially ASG while at the same time appears to have been acting as a contract advisor to AHS and participated in meetings involving CSF decisions and strategies. Further, he then joined Alberta Health and assumed a key role in negotiating contracts with the CSFs, including presumably ASG;

- b. Another former AHS employee, who had also been a leader in the CPSM group and involved in the RFPs for the CSFs, had resigned from AHS to join MHCare. He was then involved in representing the CSFs and obtained an ownership stake in the CSFs proposed for Central (Red Deer) and South (Lethbridge) Zones;
 - c. AHS corporate search records not matching the corporate ownership disclosure provided by the proponents of the CSFs in Central and Southern Alberta. Among other issues, the proponents' disclosure did not disclose an estimated 12 percent ownership stake in the CSFs that could not be reconciled with information provided to AHS – leaving AHS officials in the dark about who owned the remaining 12 percent interest;
 - d. ASG had been unsuccessful in the 2021/22 RFP process with AHS but had then somehow entered into a separate 2-year agreement with AHS (potentially as a result of lobbying by the Honourable Doug Horner). The ASG agreement contained significantly higher rates compared to rates AHS had negotiated with a similar private surgical provider in Calgary, Alberta, and inflated cost concerns were potentially a significant issue; and
 - e. Costing factors as between the CSFs and AHS were significantly different, and if contracts were approved based on the CSF factors it would lead to dramatically increased pricing compared to the cost of AHS providing the same or similar services.
55. On December 13, 2024, Mentzelopoulos met again with Minister LaGrange to discuss the CSFs and the status of the AHS investigation and audit, including the issues set out in paragraph 55 above. Mentzelopoulos explained that the investigation and audit were underway and outlined a number of preliminary concerns that had arisen including the potential issues of Prasad's involvement and the potential conflict of interest around various contracts and the principals of certain service providers and AHS suppliers. After further discussion, Mentzelopoulos advised Minister LaGrange that AHS was getting excellent advice on how to proceed with CSF negotiations, and that the negotiations with CSFs in Edmonton, Red Deer, and Lethbridge could restart with the appropriate due diligence applied.
56. Later that day, AHS provided Alberta Health with a draft letter that was to be sent to the principals of the Red Deer and Lethbridge CSFs to restart the negotiations. The letter stated the desire of AHS to proceed with negotiations and asked for information including whether specified businesses were legal entities, who were the shareholders of various entities and numbered companies, any "changes to the RFP Interested Parties between September 7, 2022 and present," and "anything of value provided to any Employee/Consultant by the RFP Interested Parties."
57. Over the next week, Alberta Health provided updates and edits to the letter, including specific removal of questions around the potential involvement of named former AHS employee in the CSFs, as well as edits that Mentzelopoulos understood had been made by Minister LaGrange herself. However, Alberta Health still did not give approval for AHS to send the letter.

58. On December 16, 2024, Mentzelopoulos attended a reception at the AIMCO offices and was approached by Kate White, Deputy Minister of Treasury Board and Finance. Ms. White asked Mentzelopoulos what was going on at Alberta Health and specifically referred to an investigation involving Prasad and “kickbacks” (her phrase). Mentzelopoulos declined to discuss any specifics but was surprised to learn that officials from Treasury Board and Finance knew about the ongoing investigation.
59. On Thursday, December 19, 2024, Alberta Health advised that Tremblay was meeting to discuss the proposed AHS letter. Mentzelopoulos later learned that the meeting involved the Premier’s office. Later that day, Alberta Health told Mentzelopoulos that the letter was not approved, and that Alberta Health would be reviewing the matter internally to decide on next steps.
60. That same day, Mentzelopoulos updated the AHS Board of Directors – including Tremblay, who also sat as an AHS Board member – on the investigation and forensic audit. As part of the briefing on the forensic audit, Mentzelopoulos advised that investigators had discovered that Prasad had an email account with MHCare during at least part of the time he was employed by AHS, and during the time he had been negotiating the contract with MHCare for the supply of the children’s ibuprofen / acetaminophen. As a result of this disclosure, the AHS Board recommended that the investigation and audit be expanded and that Mentzelopoulos should consider bringing the matter to the attention of the RCMP.
61. On Friday, December 20, 2024, AHS sent a letter to MHCare Medical regarding the \$70 million supply agreement between AHS and MHCare for the provision of children’s acetaminophen. The letter outlined concerns AHS had over the supply agreement and advised MHCare that:
- a. It was unclear whether MHCare has met its obligations under the supply agreement, and requested a “detailed status update on MHCare’s outstanding commitments” under the supply agreement as well as a “full accounting and reconciliation of the prepayments AHS made to MHCare” in connection with the purchase order for the children’s acetaminophen; and
 - b. Requested details of the affiliation between one or more former AHS employees and MHCare in and around November 2022 when the terms of the \$70 million purchase order were being negotiated with AHS. This request was made after AHS had discovered that Prasad appeared to have an MHCare email address in November 2022.

In its letter, AHS requested this information from MHCare no later than January 8, 2025.

62. However, on Monday, December 23, 2024, Mentzelopoulos received a letter from Alberta Health Assistant Deputy Minister Chris Nickerson. The letter instructed Mentzelopoulos to wind up the internal investigation and transfer all related files to Alberta Health. The letter further advised Mentzelopoulos that Alberta Health:

“... will be assuming responsibility for conducting due diligence for the CSF Procurements including due diligence with respect to any selected proponents. As such, effective immediately, AHS shall cease any due diligence underway with respect to the CSF Procurements or any selected proponents unless and until further notified.

...

In addition . . . AHS is directed to provide Alberta Health all reports, data, or information in its possession necessary to conduct any due diligence for the CSF Procurements or any selected proponent. This includes, without limitation, any findings or reports arising from any investigation or review conducted or initiated by AHS with respect to the CSF Procurements or the selected proponents.”

63. On January 2, 2025, Mentzelopoulos spoke with the Deputy Minister of Mental Health and Addictions who told her that his Minister, the Honourable Dan Williams, was “very concerned” about the AHS internal investigations and the forensic audit, including the investigation of “our good friend JP” (JP being a reference to Prasad). The Minister was apparently concerned that the investigation could lead to potential connections between various government officials and Sam Mraiche and MHCare Medical. The Deputy Minister asked Mentzelopoulos if Alberta Health and “Andre” (meaning Tremblay) were saying “to back off and tamp stuff down”.
64. Mentzelopoulos advised the Deputy Minister that she had been directed to wind down the investigation, but she was becoming increasingly concerned she would face retaliation as a result of having initiated the investigation and forensic audit in the first place. Mentzelopoulos was concerned about how Minister Williams had heard about the internal AHS investigation and was told the information had been shared by “Nicole” in Minister LaGrange’s office.
65. On Monday, January 6, 2025, Mentzelopoulos wrote to Assistant Deputy Minister Nickerson to follow up on his letter of December 23, 2024. The January 6, 2025, letter confirmed that the external investigation and audit had been closed down as ADM Nickerson had directed. The letter also indicated that the first batch of the AHS due diligence records and related materials were being sent over to ADM Nickerson, with the remaining records to follow in due course. Mentzelopoulos then advised ADM Nickerson that:
 - a. The volume of materials and the complexity of the investigation had not allowed AHS to draw specific conclusions prior to the investigation and audit being shut down per ADM Nickerson’s December 23, 2024 directive, but that AHS had identified “a range of necessary information” that was still required from the CSFs as part of the AHS due diligence process in order to provide “for a robust procurement process”;
 - b. AHS did not yet have Services Agreements for the CSFs in Central Zone or South Zone, and that a commitment to enter into a contract was still “conditional on a variety of factors being met to AHS’ satisfaction” including but not limited to the contractor providing AHS with the still outstanding information “in response to all reasonable due diligence requests regarding the facility, the land, and the provision of the services in a timely manner”;

- c. AHS took the position that the selected Central Zone CSF contractor had still “not fulfilled the conditions” under the Letter of Commitment to allow AHS to enter into a contract, and that the AHS had not been unable to enter into a Letter of Commitment for the South Zone CSF contractor due to outstanding due diligence issues; and
 - d. Mentzelopoulos and AHS officials were scheduled to brief the Auditor General on January 10, 2025.
66. The next day, on January 7, 2025, Minister LaGrange met with the AHS Board of Directors and demanded that they terminate Mentzelopoulos. However, the AHS Board refused the Minister’s demand. Shortly after this meeting, Tremblay contacted AHS staff and ordered that they cancel the January 10, 2025, meeting with the Auditor General.
67. Mentzelopoulos received a Zoom meeting invite from AHS Board Chair Angela Fong to attend an 8:30 am meeting on Wednesday, January 8, 2025. Fong and Mentzelopoulos were the only invitees for the meeting.
68. On January 8, 2025, Mentzelopoulos signed onto the Zoom meeting and noted that Chair Fong had not signed on. However, Mentzelopoulos saw that Tremblay and Connie Webster (AHS Executive Director of HRBP and Ability Management) were signed onto the meeting. Tremblay then advised that Fong would not be attending. He told Mentzelopoulos that she was being terminated effective immediately. Tremblay then left the meeting. Mentzelopoulos asked Webster how the ongoing investigation that may ultimately involve the RCMP would be managed, but Webster did not know. Mentzelopoulos also asked if AHS would be providing any resources for her personal protection given that the termination was linked to the investigation and forensic audit. Webster could not answer the question.
69. As far as is known to Mentzelopoulos, the AHS Board of Directors had not passed a motion to terminate her employment with AHS, and the Executive Chair (Fong) had not authorized the termination either. Accordingly, Tremblay had no legal authority on behalf of AHS to terminate Mentzelopoulos.
70. Health Minister LaGrange and Alberta Health then made a public announcement advising that Tremblay would be the interim President and CEO of AHS. News media reported that AHS had deferred all questions from CBC News to the government, and the provincial government would not confirm whether or not Mentzelopoulos was fired, leaving people to guess whether Mentzelopoulos had been terminated for just cause.
71. On January 20, 2025, Mentzelopoulos raised the above concerns and issues with AHS, and understands that the AHS Board of Directors then learned the details of the matters set out above.

72. On January 31, 2025, Minister LaGrange then dismissed the AHS Board of Directors, and in particular the Directors who had supported Mentzelopoulos and the AHS investigation and forensic audit initiatives and installed Tremblay as the official Administrator of AHS.
73. As a result, Minister LaGrange now has complete control over the terms and conditions of CSF contracts going forward, as well as control over the AHS investigation and forensic audit into the CSF contracts (including rates), the apparently unfulfilled MHCare purchase order and supply agreement for the children's acetaminophen, and the potential conflicts of interest around the CSF negotiations and the \$70 million children's acetaminophen purchase order and supply agreement between AHS and MHCare.
74. As a result of these actions, AHS, or Minister LaGrange, or either of them, have terminated (or purported to terminate; the public announcement has made this distinction potentially moot in practical terms) Mentzelopoulos in an arbitrary, capricious, callous, high-handed, and bad faith manner. Mentzelopoulos was abruptly terminated via a misrepresented Zoom meeting, by someone purporting to act for AHS but without actual authority to do so, as a result Mentzelopoulos carrying out her duties and obligations to AHS and the public interest, and in an effort to prevent Mentzelopoulos from complying with her contractual obligations to AHS, to interfere with investigation and forensic audit, and to prevent Mentzelopoulos from meeting with the Auditor General.
75. Further, the purported termination of the employment contract on January 8, 2025, was very likely done at the behest and direction of Minister LaGrange, and in circumstances that were not lawful or contractually compliant with the Employment Agreement. Minister LaGrange, or her agent Tremblay, stepped into the shoes of the AHS Board of Directors and/or the AHS Board Chair and then purported to terminate Mentzelopoulos in bad faith and without actual authority in terms of the AHS Board or Board Chair.
76. Further, the actions of Minister LaGrange on January 7 and 8, 2025, undercut the authority and reputation of Mentzelopoulos in her capacity as President and CEO of AHS, publicly embarrassed her, and damaged her future employment prospects. In addition, Minister LaGrange has been making negative public statements about Mentzelopoulos since January 8, 2025, and implying that Mentzelopoulos was not meeting expectations at AHS and may have been terminated as a result. These statements are completely at odds with statements Minister LaGrange had made directly to Mentzelopoulos in December 2024. These statements have caused further damage and harm to Mentzelopoulos and her mitigation efforts, and to her professional reputation. Particulars of these statements include, but are not limited to, statements made to the Globe and Mail (reported February 11, 2025) that stated:

Jessi Rampton, Ms. LaGrange's spokeswoman, said after Alberta's government learned of concerns surrounding CSFs, it repeatedly asked AHS for documentation to substantiate the claims.

"It was extremely concerning that no substantive information and documentation had been provided to the government after nearly eight months of requesting it," Ms. Rampton said in a statement.

“And that is why Minister Adriana LaGrange issued a directive in December to compel AHS to share all details related to CSF contracts and contracting with Alberta Health.”

77. The above statement falsely implies that Mentzelopoulos was not cooperating with Minister LaGrange and the Alberta Government. However, the statement is demonstrably false. In particular:
- a. The concerns about the CSFs were first raised with Alberta Health by Mentzelopoulos in her August 29, 2024 letter to Tremblay (just over 4-months before Mentzelopoulos was terminated), and at that time the concerns involved primarily ASG. The October 1, 2024 draft letter sent to Darren Hedley then expanded the concerns specifically to other CSFs;
 - b. The external forensic audit was initiated in November 2024 after concerns arose around Prasad, MHCare, and AHS (being just over 2-months before Mentzelopoulos was terminated);
 - c. the so-called repeated requests for information apparently by “the government” never happened, and the first official request for information came on or about December 9, 2024 when members of Tremblay’s office asked Mentzelopoulos for an update on the AHS work around CSF contract management;
 - d. Mentzelopoulos made all reasonable efforts to keep Minister LaGrange and Alberta Health updated as the investigations progressed as set out above; and
 - e. the December 2024 directive was clearly an effort to shut down the AHS investigation, including the external forensic audit initiated in November 2024.
78. Further, and in the alternative, the ongoing and unilateral removal of key aspects of Mentzelopoulos’ duties and responsibilities in October 2024 through to December 2024, and the manner of the purported termination of her employment, amounted to a repudiation of her Employment Agreement and an inability for the Defendants, or either of them, to rely on the termination provisions in the Employment Agreement. In the result, Mentzelopoulos is entitled to the compensation owed over the balance of the 4-year term contract.
79. Further, it is the organizing principle of good faith that AHS, in carrying out its own performance of the contract, should have appropriate regard to the legitimate contractual interests of Mentzelopoulos. This organizing principle of good faith manifests itself through the existing doctrines about the types of situations and relationships in which the law requires parties to engage in honest, candid, forthright, and reasonable contractual performance. A breach of this duty – which has clearly and unequivocally occurred here – triggers a claim for aggravated damages.
80. Further, and in the alternative, Minister LaGrange has induced and directed AHS to breach its contract and its obligations of good faith with Mentzelopoulos. By directing Tremblay to terminate Mentzelopoulos in violation of the Employment Agreement, Minister LaGrange unlawfully interfered with the economic interests of Mentzelopoulos. As a result, Mentzelopoulos is claiming

damages for the loss of the contractual benefits she would have received had the contract been performed.

81. But for the actions of Minster LaGrange and/or her agent Tremblay the employment contract would have paid Mentzelopoulos \$1.7 million in base salary, plus benefits, over its remaining term and would have avoided the public media spectacle that occurred on January 8, 2025.

c) Remedy Sought

82. Mentzelopoulos seeks the following remedies:

- a. Judgment for pay in lieu of notice in the amount of \$583,443.00, less applicable income tax;
- b. Judgment for bad faith, aggravated, and/or punitive damages, in the amount of \$1,116,557.00;
- c. In the alternative, judgment for damages for breach of contract in the sum currently estimated at \$1,700,000.00, less applicable income tax, being the balance of the compensation owed under the Employment Agreement, or such further and other amount as this Honourable Court deems appropriate;
- d. Such further and other remedies as this Honourable Court deems appropriate; and
- e. Costs and pre-judgment interest.

NOTICE TO THE DEFENDANT(S)

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's(s') address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the lawsuit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff(s) against you.