

Dockets: 2011-396(IT)G  
2012-4306(IT)I

BETWEEN:

JACQUES RUEL,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

[OFFICIAL ENGLISH TRANSLATION]

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Appeals heard on June 11 and 12, 2013, at Rimouski, Quebec.

Before: The Honourable Justice Alain Tardif

Appearances:

For the Appellant:	The Appellant himself
Counsel for the respondent:	Marielle Thériault

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**JUDGMENT**

The appeals from the reassessments made under the *Income Tax Act* in respect of the 2006 and 2007 taxation years are dismissed and the assessments are confirmed as being well-founded in fact and in law, in accordance with the attached Reasons for Judgment.

Costs are awarded to the respondent.

Signed at Ottawa, Canada, this 3rd day of February 2014.

“Alain Tardif”

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Tardif J.

Translation certified true  
on this 31st day of October 2014.

Erich Klein, Revisor

Citation: 2014 TCC 31  
Date: 20140203  
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### **REASONS FOR JUDGMENT**

Tardif J.

[1] The parties agreed that the evidence submitted by each be common to both dockets.

#### **Issues**

Docket 2011-396(IT)G

[2] The question to be determined is the nature of the payments totalling \$330,000 made by Yvon Ruel to the appellant, his brother, in 2006. In other words, were the payments

a loan, which does not have to be included in computing his income for 2006,

or rather

business income, which is required to be included in computing his income for 2006 under subsection 9(1) of the *Income Tax Act*?

Docket 2012-4306(IT)I

[3] The question here is whether the interest of \$5,580.50 paid to the appellant by the Caisse populaire Desjardins in 2007 constitutes income from property that the appellant must include in computing his income for 2007.

**The facts**

[4] Although these are two proceedings in which the facts are important, one of the parties involved in the juridical act giving rise to the dispute is deceased; consequently, the factual evidence is essentially that of the other party thereto, namely, the appellant.

[5] Only the appellant testified in support of his appeals. The numerous details contained in his notices of appeal provide a clear enough picture of the kind of testimony he gave before the court.

[6] In order to properly place the proceedings in their very unique context, I believe it would be useful to reproduce the notices of appeal and the replies to the notices of appeal in both dockets:

[TRANSLATION]

Docket: 2011-396(IT)G

**AMENDED NOTICE OF APPEAL (February 1, 2012)**

1. On or about April 3, 2008, the appellant received from the Canada Revenue Agency a notice of assessment for the 2006 taxation year dated April 3, 2008, the amount assessed being \$38,776.05. An objection to a notice of assessment dated June 13, 2008, was sent to the Canada Revenue Agency, whose decision confirming the assessment was rendered on March 20, 2009.
2. On or about April 11, 2008, the appellant received from the Canada Revenue Agency a notice of assessment for the 2006 taxation year dated April 11, 2008, the amount assessed being \$2.30. An objection to a notice of assessment dated June 13 was sent to the Canada Revenue Agency, whose decision to confirm the assessment was rendered on March 20, 2009.
3. On or about December 22, 2008, the appellant received from the Canada Revenue Agency a notice of assessment for the 2007 taxation year dated December 22, 2008, the amount assessed being \$1,091.66. An objection to a notice of assessment dated March 17, 2009, was sent to the Canada Revenue

Agency, which decided to hold this matter in abeyance pending the determination for the 2006 taxation year.

4. On or about January 9, 2009, the appellant received from the Canada Revenue Agency a notice of assessment for the 2007 taxation year dated January 9, 2009, the amount assessed being \$4.40. An objection to a notice of assessment dated March 17, 2009, was sent to the Canada Revenue Agency, which decided to hold this matter in abeyance pending the determination for the 2006 taxation year.
5. On or about September 24, 2009, the Canada Revenue Agency made a further reassessment to add in computing the income of the appellant for the 2006 taxation year \$330,000 in income from fees paid by his brother Yvon Ruel (\$170,000 in addition to the \$160,000 of April 3, 2008). A notice of objection dated October 27, 2009, was sent to the Canada Revenue Agency and the decision to confirm the assessment was rendered on November 17, 2010.
6. On or about June 7, 2010, a request for directions was filed before this Court to establish the procedural steps to be completed for the configuration of the dispute regarding the appellant's 2006 taxation year. Following this Court's decision dated July 9, 2010, on August 17, 2010 the appellant filed a notice of discontinuance. On August 24, 2010, this Court closed the file pursuant to subsection 16.2(2) of the *Tax Court of Canada Act*.
7. The appellant is therefore appealing the decision rendered by the Canada Revenue Agency, dated November 17, 2010, putting the appellant's income for the 2006 taxation year at \$330,000. **Attached hereto are copies of the Notice of Appeal dated February 2, 2011, of the certificate of service dated February 4, 2011, and of the Reply to the Notice of Appeal dated June 16, 2011, filed together as Exhibit A1 in support of this appeal.**

## THE FACTS

8. The appellant is 60 years of age and a retired Sûreté du Québec police officer. He is the brother, friend and caregiver of Yvon Ruel. Since childhood, Yvon Ruel and the appellant have maintained regular, close and intimate ties, and assisted each other when necessary.
9. Yvon Ruel was a chartered accountant with the Government of Quebec. He had serious health issues attested to by his attending physicians. His employer dismissed him in September 1994 and refused to reinstate him despite judgments against it. The Honourable Justices of the Court of Appeal of Quebec characterized the attitude of the Government of Quebec as, and I quote, [TRANSLATION]: "verging on indecency". By refusing to carry out court orders in the knowledge of its disproportionate strength and means in that it had access to public funds, the Government of Quebec **declared war and it**

pursued this primitive form of justice in bad faith and deliberately caused serious harm to the entire Ruel family. Their objective was to obtain a discount settlement. This was illegal, immoral and indecent, and it led to unfortunate and deplorable events. Yvon Ruel died prematurely on May 26, 2008, when the legal saga and vendetta had yet to be resolved. **Attached hereto are copies of the originating motion with respect to proceedings seeking a permanent injunction and damages and the motion for an interlocutory injunction dated August 20, 2003, as well as the judgment on the motion for an interlocutory injunction rendered by the Honourable Justice Paul Coriveau dated October 17, 2003, filed together as Exhibit A2 in support of this appeal.**

10. Since 1990, the appellant had been assisting and supporting Yvon Ruel in the legal saga and vendetta in which he was embroiled with his employer (the Government of Quebec) and several other co-defendants.
11. In January 2003, Yvon Ruel told the appellant that he had been treated with contempt and wrongfully dismissed by his employer and that he had been abandoned by his union, his lawyers, his friends, and his family and that the appellant was the only one who could help him and whom he trusted. He complained that all of his requests for assistance to the CLSC, legal aid, the Ombudsman, the media and political representatives had been denied. Yvon Ruel told the appellant that he wanted to have done with it and that there would be fatalities. His 3 children and his former spouse, Nicole Leblanc, told the appellant that Yvon Ruel was the problem and that they wanted nothing to do with him.
12. Yvon Ruel had been suffering from chronic pain of the lower limbs that prevented him from sitting for more than 30 consecutive minutes and from serious psychological problems for a number of years. In January 2003, Yvon Ruel had no financial resources and was in a lamentable psychological state, with homicidal and suicidal tendencies. At the request of Yvon Ruel and, under duress and threats, the appellant agreed, to avoid the worst possible outcome, to give of his time free of charge and to provide out of his savings the money necessary in order to see Yvon Ruel's files through. Yvon Ruel kept saying [TRANSLATION]: "You are all I have, if you abandon me, my bag is full of weapons, I know their addresses and I'll go take care of that gang of criminals". The appellant was convinced, on considering Yvon Ruel's situation, that he had been the victim of injustice and that he was right.
13. The agreement reached in January 2003 was that the appellant would act gratuitously and that Yvon Ruel would reimburse him for his costs and expenses. Given the health factor and the bond of friendship between them, the appellant agreed to let Yvon Ruel stay at his home and to assist him and support him financially for an indefinite period of time.

14. In October 2003, the appellant and Yvon Ruel contacted Revenue Canada and Revenu Québec to obtain complete information about Yvon Ruel's case. Revenue Canada and Revenu Québec informed us that, since the appellant is Yvon Ruel's brother, since he is not self-employed and since this is a unique case, they could not accept the appellant's expenses as a deduction. They further stated that the appellant's expenses were not eligible as a deduction for Yvon Ruel because they were not legal fees.
15. From June 2003 to the spring of 2007, Yvon Ruel stayed with the appellant. The appellant and his spouse acted as caregivers, **as confirmed by the judgment of the Honourable Justice Paul Corriveau dated April 22, 2004, on a declinatory exception pertaining to the domicile of Yvon Ruel, filed as Exhibit A3.**
16. Between 1993 and 2005, Yvon Ruel underwent a number of psychological or psychiatric assessments. Two psychiatric expert reports submitted by Dr. Grégoire in 1993 stated that Yvon Ruel already had serious psychological and homicidal problems. In October 2005, Yvon Ruel underwent a psychiatric assessment and in his assessment report, Dr. Pierre Laberge stated with respect permanent impairment, and I quote, [TRANSLATION]: "The percentage in this regard varies between 15% and 45%, and I would put it at 20% for aggravation, spread out over a considerable number of years, of a pre-existing personal condition initially manifesting itself through a cessation of work on December 15, 1992, with a diagnosis of an adjustment disorder with mixed emotional features (anxiety and depression)". Furthermore, he stated that Yvon Ruel has mood disorders with episodic outbreaks either of excitement or aggressiveness or of self-deprecation with risk of suicide, **as described in the expert reports submitted on January 19 and October 5, 1993, by psychiatrist Michel Grégoire, and in the psychosocial report submitted on March 22, 1997, by psychologist Rachel Clermont, and in the psychiatric expert report submitted on June 21, 2007, by neurologist Léo Berger, filed together as Exhibit A4 in support of this appeal.**
17. In order to apply pressure and accelerate the settlement of the disputes that had dragged on since 1994 and thus avoid placing the appellant in a potentially difficult situation in the event of failure to reach an out-of-court settlement, Yvon Ruel prepared various drafts and contracts relating to possible compensation for the assistance given by the appellant, and the contracts were kept by Yvon Ruel and Michel Ruel. None of all these contracts was accepted and they were all abandoned and/or rescinded and/or rejected and/or ignored because most of them were false.
18. In early February 2006, **without even informing the appellant, Yvon Ruel transferred \$300,000 to the appellant's bank account and then Yvon Ruel asked** the appellant to act as a **straw man** with respect to an amount of \$330,000 **because, according to him, he was afraid it would be seized,** and

on March 1, 2006, an acknowledgement of debt was signed. **He stated that this had to be kept** secret and confidential so as to keep the money safe and thus enable him to bring finality to his files and to buy himself a few material goods. **The money belonged to him, he managed it, he had control over it, and it was to be used as directed by him, as appears from the acknowledgement of Jacques Ruel's indebtedness to Yvon Ruel dated March 1, 2006, filed as Exhibit A5.**

19. On April 13, 2006, in a report requested from a credit investigation and collection agency, namely, the Centre d'Enquêtes Civiles du Québec, Yvon Ruel stated that he had given a loan of \$400,000 to an individual he referred to as a co-worker, as **appears from the investigation report by the Centre d'Enquêtes Civiles, filed as Exhibit A6 in support of this appeal.**
20. On May 23, 2006, in case No. **655-17-0000281-068 of the Superior Court in the District of Baie-Comeau**, Yvon Ruel filed a motion to set aside the seizure before judgment. At paragraph 50 **of the said motion, he indicates** that he paid \$300,000.00 in fees to the appellant, **as appears from a copy of the said motion filed as Exhibit A7 in support of this appeal.**
21. The appellant's savings were used and continue to be used to bring to an end the saga involving, and the vendetta against, the Ruel family. **The so-called \$330,000 loan given by Yvon Ruel to Jacques Ruel was used to pay the costs related to the various files: more than \$50,000 in lawyer's fees, more than \$60,000.00 in travel, living, paperwork and computer expenses (this amount represents approximately 50% of the actual costs incurred) and various cash amounts, including \$100,000 paid in the spring of 2007 to Yvon Ruel, and a chattel mortgage in the amount of \$110,000 which would protect his property from any potential creditor and which allowed him to purchase various material goods for his sole benefit, as appears from the copies of invoices and expenses filed together as Exhibit A8 in support of this appeal.**
22. In the fall of 2006, Yvon Ruel mandated notary Cécile Lacasse of Ste-Anne-des-Monts to draft a mandate in case of incapacity. The mandate was signed on March 2, 2007, and gave general power to the appellant to manage and administer, with the powers of an administrator charged with the full administration of the property of others, **all of the property of Yvon Ruel.** At the request of Yvon Ruel, none of his children or members of his family were to be involved in the event of his incapacity or his death and in the event that the appellant and **instructed** counsel brought the Ruel case to a conclusion, **as appears from a copy of the mandate in case of incapacity of Yvon Ruel filed as Exhibit A9.**
23. In April 2007, as Yvon Ruel's condition was deteriorating, the appellant, at the request of Yvon Ruel, was mandated without compensation to manage Yvon



Ruel's files. A number of other powers of attorney or mandates were granted to the appellant in relation to the management of his property, **as appears from a copy of the said mandates and powers of attorney filed together as Exhibit A10 in support of this appeal.**

24. On May 20, 2007, a meeting was scheduled at the residence of **Benoit Ruel, the son of Yvon Ruel. Those who were to attend the meeting were** the appellant and his spouse Renelle Michaud, Yvon Ruel and his former spouse Nicole Leblanc, and his 3 children, Sophie, Josée and Benoit. The purpose of this meeting was to discuss in general terms the mandate regarding Yvon Ruel's person and property. Much to the appellant's astonishment, Nicole Leblanc and daughter Sophie backed out and did not attend the meeting. **The upshot of the meeting was that neither his daughter Josée nor his son Benoit wanted to look after their father; their personal lives and activities came first.**
25. On July 3, 2007, a meeting took place at the Charles Lemoyne Hospital that was attended by the appellant, Yvon Ruel, neurologist Léo Berger and other members of the medical staff. Stéphanie Chouinard, Yvon Ruel's social worker, provided us with a medical report signed by the neurologist, Léo Berger, which stated that Yvon Ruel had impaired memory and judgment and emotional problems and that he had risk behaviours. At the meeting, Dr. Berger advised Yvon Ruel to do whatever was necessary in the event that his condition worsened and he replied that everything had been taken care of. Stéphanie Chouinard told the appellant that the 3 children and former spouse of Yvon Ruel had never contacted him since he was first hospitalized in May 2007, **as appears from the said psychiatric assessment filed as Exhibit A4 in support of this appeal.**
26. On or about August 3, 2007, the appellant, accompanied by his spouse, Renelle Michaud, met with Josée Ruel in Rimouski. During that meeting, Josée Ruel said that she received her share of the money involved and that it was Sophie Ruel who would be managing the affairs of Yvon Ruel.
27. On or about August 6, 2007, upon my return from a few days' vacation, I was unpleasantly surprised to see that the family dynamic had changed. His children Sophie and Benoit Ruel and former spouse Nicole Leblanc isolated Yvon Ruel and refused to allow me to meet with him.
28. On September 17, 2007, a few days prior to the out-of-court settlement conference scheduled for September 25, 2007, bailiff Roselle Richard served on the appellant a letter from mandataries Sophie Ruel and Nicole Leblanc and a notarized power of attorney, dated August 10, 2007, which revoked, without providing any reason, all of the appellant's previous powers of attorney or mandates, **as appears from the copy of the letter of Nicole Leblanc and Sophie Ruel dated September 13, 2007, and of the power of attorney of**

**August 10, 2007, signed by Yvon Ruel, filed together as Exhibit A11 in support of this appeal.**

29. On or about September 18, 2007, during a telephone conversation he had with Sophie Ruel, she said something surprising; she asked the appellant to cancel unconditionally the chattel mortgage and stated that the appellant had no contracts with her father. She further stated that she no longer wished to attend the out-of-court settlement conference and that he should deal with his problems himself.
30. On or about September 18, 2007, the mandataries of Yvon Ruel terminated the mandate of Daniel M. Fabien, counsel for Yvon Ruel and the appellant and cancelled the out-of-court settlement conference scheduled for September 25, 2007, despite the fact that the lawyer had been paid in advance, that Yvon Ruel had signed the request for judicial mediation and that for almost 13 years Yvon Ruel had been complaining that he was a victim caught up in a legal saga. In doing so, they put Yvon Ruel and the appellant in a vulnerable position because the saga and the trial might prove to be long and very costly and would put the Government of Quebec and the co-defendants in an awkward and very uncomfortable position.
31. On September 24, 2007, Yvon Ruel, while incapacitated, went to the Longueuil police station, accompanied by his daughter and mandatary Sophie Ruel, and filed against the appellant a complaint of theft of a motor vehicle and fraud. Yvon Ruel told the investigator that he had paid the appellant \$160,000 in fees. After investigation, Detective Sergeant David Castonguay informed the appellant that the complaints were unfounded and suggested that he lodge a complaint of public mischief in the matter. It was an attack on the appellant's reputation, an utterly underhanded, dishonest act committed in bad faith, **as appears from a copy of the report on the theft and fraud complaint filed with the Longueuil police service on September 24, 2007, and from the correspondence of Julie Sénéchal dated November 26, 2007, addressed to Jacques Ruel, filed together as Exhibit A12 in support of this appeal.**
32. On November 19, 2007, having been summoned to appear in the Superior Court in Baie-Comeau in the case bearing docket number 655-17-0000281-068, Yvon Ruel was absent, although he and the appellant were being sued for several hundred thousand dollars by his former counsel, Jean Blouin. The appellant, who was a **party to the proceeding**, had to take on alone the management of the files at a time when his mandates had been cancelled and he had been left to his fate by Yvon Ruel's mandataries.
33. **Deleted.**
34. At the request of Yvon Ruel, the appellant had been storing Yvon Ruel's property free of charge since 2003. The appellant looked after Yvon Ruel's

property by insuring it and storing it appropriately at his home and at the Ross warehouse in Cap-Chat. On or about September 18, 2007, the appellant informed mandataries Nicole Leblanc and Sophie Ruel of the terms of the chattel mortgage which required that the property be insured. Sophie Ruel, Yvon Ruel's mandatary, subsequently decided to cancel the insurance on the property of Yvon Ruel that was stored in Cap-Chat, without notifying the appellant, thus leaving the appellant open to potential legal action since the appellant had signed a contract with the Ross warehouse and provided a guarantee that the property was insured, and this in spite of the conditions stated in the chattel mortgage, **as appears from a copy of the letter of Jacques Ruel dated January 31, 2008, to Sophie Ruel and Nicole Leblanc, filed as Exhibit A13.**

35. Yvon Ruel managed his files and he had the originals and copies of the documents. In the fall of 2007, the appellant contacted Yvon Ruel and Michel Ruel in order to obtain the original of the contract of December 17, 2005, and of the agreement of March 1, 2006 with respect to the loan of \$330,000. They refused to provide them and told him that they had destroyed them.
36. In December 2007, given the inability of mandataries Nicole Leblanc and Sophie Ruel to manage the files of Yvon Ruel, the appellant sought assistance from the Public Curator of Quebec, notwithstanding he was in a possible conflict of interest, **as appears from a copy of the letter dated December 6, 2007, to Aline St-Onge, Public Curator of Quebec, and of the letter dated December 7, 2007, to Yvon Ruel, Sophie Ruel and Nicole Leblanc, filed together as Exhibit A14 in support of this appeal.**
37. The appellant offered his assistance to the Public Curator of Quebec and Yvon Ruel's mandataries so as to bring finality to the files. He informed them that the Government of Quebec owed Yvon Ruel more than one million dollars. At no time did the Public Curator of Quebec or Yvon Ruel's mandataries ask the appellant for any explanations regarding the amount of \$330,000; they preferred instead confrontation with the appellant, seeking a tax exemption for their client, Yvon Ruel, when that amount was never paid to the appellant as compensation but was rather used with respect to Yvon Ruel's property, **as appears from a copy of the letter dated January 16, 2008, from François Bérubé, counsel for Jacques Ruel, to Marc Bergeron, Public Curator of Quebec, filed as Exhibit A15 in support of this appeal.**
38. On May 28, 2008, the appellant met with his family doctor, Dr. Lavigneur, and the day after with psychiatrist Edouard Bastrami of the CLSC in Ste-Anne-des-Monts. The appellant was diagnosed with major depression. The appellant immediately informed his lawyer, François Bérubé, thereof on May 29, 2008.

39. On June 13, 2008, an agreement was reached during an out-of-court settlement conference at the Quebec City courthouse which definitively resolved all of the disputes. The parties obtained a discount settlement. Given the facts and circumstances, the appellant renounced all forms of financial compensation despite the fact that Yvon Ruel did not honour the agreement of January 2003 that he had entered into with the appellant. The declaration of out-of-court settlement and release of June 13, 2008 gives final release for the present, past and future with respect to the \$330,000, owing to the fact that it had been used up, **as appears from a copy of the declaration of out-of-court settlement and release of June 13, 2008, filed as Exhibit A16 in support of this appeal.**
40. Upon his return from the out-of-court settlement conference of June 13, 2008, much to his surprise, the appellant received **on or about June 14, 2008**, by registered mail, from Michel Ruel the original of the contract of December 17, 2005, and the original of the agreement of March 1, 2006, with regard to the loan of \$330,000, although Michel Ruel and Yvon Ruel had told the appellant that they had destroyed them. They acted in bad faith, underhandedly and dishonestly. The appellant immediately informed his lawyer, François Bérubé, **as appears from a copy of the envelope and of Jacques Ruel's acknowledgment of his debt to Yvon Ruel, filed together as Exhibit A17 in support of this appeal.**
41. **On August 27, 2008, while the appellant, Jacques Ruel, and Mr. Bergeron, the Public Curator, were executing the out-of-court settlement agreement of June 13, 2008, the appellant received a letter from Jocelyne Loyer, trustee of the Direction de l'administration des patrimoines requesting that the appellant, Jacques Ruel, sign a misleading document stating, and I quote, [TRANSLATION]: "The motor vehicle described above to Jacques Ruel against his debt by the Public Curator, acting in his official capacity, to Yvon Ruel, as set out in the terms and conditions of the release attached hereto. The amount of the transfer is 'FREE'". Following discussions with Mr. Bergeron, the Public Curator, there was a retraction in the letter of September 10, 2008, such that the text read as follows: [TRANSLATION] "The motor vehicle described above was assigned by the Public Curator, acting in his official capacity, to Yvon Ruel, as set out in the terms and conditions of the release attached hereto. The amount of the transfer is 'FREE'". During the execution of the agreement there had already been attempts to deceive the appellant Jacques Ruel and this Court. A copy of the letters of August 27 and September 10, 2008, and copies of the "ROAD VEHICLE TRANSFER" forms are filed together as Exhibit A18 in support of this appeal.**
42. Despite the information that was exchanged with the tax authorities at both levels and the particular circumstances of this vendetta and legal saga and despite the fact that the costs and expenses are not deductible, Revenue

Canada is attempting to impose taxation on the **so-called loan** of \$330,000 **allegedly** made on March 1, 2008, by Yvon Ruel to the appellant. This is an abuse of rights, power and process.

#### ISSUES AND GROUNDS OF APPEAL

43. As mentioned in paragraph 14, we were informed by both levels of government that they could not allow the appellant's expenses relating to the Yvon Ruel saga as a deduction and that the appellant's expenses are not eligible as a deduction for Yvon Ruel on the ground that they are not legal expenses. This notice of assessment is contrary to the information provided and their own claims.
44. There was never any question of \$330,000 in compensation being paid to the appellant. The claim in that regard is contrary to the agreement between the appellant and his brother, Yvon Ruel, as the appellant acted gratuitously **and it was agreed that Yvon Ruel would reimburse him for the costs and expenses he incurred. It is also inconsistent with the so-called loan of \$330,000 of March 1, 2006. It is also contrary to all of the claims of Yvon Ruel, the estate and the respondent that it was compensation. A number of points are in issue and they are surprising: Why file a complaint of theft and fraud on September 27, 2007, with the Longueuil police service if it was compensation? Why not claim the \$330,000 if it was a loan? Why are there so many versions regarding the amount and possible use? Why come back before this Court when the out-of-court settlement and release agreement of June 13, 2008, gives final release for the past, present and future? Why attempt, as mentioned in paragraph 41, to mislead the appellant and this Court by having the appellant sign documents that do not reflect the truth and which attempt to distort it, and then turn around and make it conform to the final agreement of June 13, 2008? Why use this Court to obtain what they were unable to obtain at the out-of-court settlement conference of June 13, 2008?**
45. **In early February 2006, without even informing the appellant, Yvon Ruel transferred \$300,000 to the appellant's bank account and then asked the appellant to act as a straw man with respect to an amount of \$330,000, and on March 1, 2006, an acknowledgement of debt was signed. The \$330,000 was given in the form of a loan and was accompanied by an acknowledgement of debt. The money belonged to Yvon Ruel, and he managed it, had control over it, and used it as he saw fit according to his needs. For these reasons, the appellant is of the view that he should not be taxed on any part of the loan because to tax him would be contrary to all common sense and all laws. The amount was used up by Yvon Ruel for his sole benefit.**
46. As mentioned in paragraph 6, the government acted illegally. By refusing to carry out court orders in the knowledge of its disproportionate strength and

means in that it had access to public funds, the Government of Quebec pursued this primitive form of justice in bad faith and deliberately caused serious harm to the entire Ruel family, **particularly Yvon Ruel, who died prematurely as a result**. Their objective was to obtain a discount settlement. This was immoral and indecent and it led to unfortunate and deplorable events which have brought us before this court. **The Government of Quebec and the various stakeholders are attempting to punish appellant, Jacques Ruel. They are attempting to obtain what they were unable to obtain at the settlement conference of June 13, 2008, and/or legally.**

47. An amount of \$25,000 and some tangible property were awarded to the appellant in personal damages, for trouble and inconvenience and as compensation for the significant and continuing psychological after-effects that this legal saga has had for him. The appellant suffers from deep depression and regularly sees a psychologist to alleviate the trauma he has suffered. In addition, the appellant must devote his retirement time and his assets to defending himself.

#### **REPLY TO THE AMENDED NOTICE OF APPEAL (February 1, 2012)**

In reply to the Amended Notice of Appeal (February 1, 2012) with respect to the 2006 taxation year, the Deputy Attorney General of Canada says:

#### **A. STATEMENT OF FACTS**

1. With respect to paragraphs 1 and 6 of the Amended Notice of Appeal (February 1, 2012), he specifies that following the reassessment made by the Minister of National Revenue on September 24, 2009, for the appellant's 2006 taxation year, the assessment of April 3, 2008, for that same taxation year of the appellant is no longer valid and is therefore not at issue in this appeal.
2. His understanding of paragraph 7 of the Amended Notice of Appeal (February 1, 2012) is that the appeal concerns solely the reassessment made by the Minister of National Revenue on September 24, 2009, for the appellant's 2006 taxation year, and that, therefore, the assessments referred to in paragraphs 2, 3 and 4 of the Notice of Appeal are not at issue in this appeal.

His understanding is also that the appellant is seeking only to have the reassessment made by the Minister of National Revenue on September 24, 2009, for the appellant's 2006 taxation year vacated.

3. With respect to paragraph 5 of the Amended Notice of Appeal (February 1, 2012), he admits that on September 24, 2009, the Minister of National

Revenue issued a reassessment for the appellant's 2006 taxation year, that the appellant objected to it and that the Minister confirmed it. As regards the other facts alleged in that paragraph, he relies on the reassessment of September 24, 2009.

4. He has no knowledge of the facts alleged in paragraphs 8 to 42 of the Amended Notice of Appeal (February 1, 2012) and does not admit them. However, he adds that
  - in 2006, the appellant was 55 years old and not 60 as indicated in paragraph 8 of the Amended Notice of Appeal (February 1, 2012);
  - there are errors in the paragraph numbering in the Notice of Appeal as it has two paragraphs numbered "7", which has been corrected in the Amended Notice of Appeal (February 1, 2012);
  - the text indicated as being "deleted" at paragraph 33 of the Amended Notice of Appeal (February 1, 2012) is the text of paragraph 32 of the Notice of Appeal.
5. He takes note of the arguments made by the appellant at paragraphs 43 to 47 of the Amended Notice of Appeal (February 1, 2012).
6. By notice of reassessment dated September 24, 2009, for the 2006 taxation year, the Minister of National Revenue, in computing the appellant's income, added as business income fees of \$330,000 received for consulting services provided to his brother, Yvon Ruel.
7. In determining the appellant's tax payable for the 2006 taxation year, the Minister of National Revenue relied on the following assumptions of fact:
  - (a) For a number of years, there had been a dispute between Yvon Ruel, the appellant's brother, and his former employer, the Government of Quebec (Inspecteur général des institutions financières, subsequently becoming the Registraire des entreprises).
  - (b) Yvon Ruel retained the appellant's services as a consultant to help him settle the dispute, and the most recent services agreement to that effect between them was entered into in December 2005.
  - (c) The appellant agreed that his remuneration would be based only on a percentage of 40% of the net amount that Yvon Ruel would receive from the settlement of the dispute; that net amount was not defined in the agreement referred to in the preceding paragraph.

- (d) In 2006, Yvon Ruel received \$794,495.28 from his former employer who issued him a T4 slip which showed, among other things, employment income of \$794,495.28, a source deduction of \$1,910.70 for QPP employee contributions and a source deduction of \$596.70 for EI employee contributions.
- (e) On February 21, 2006, Yvon Ruel paid the appellant fees of \$160,000 for services rendered.
- (f) On March 1, 2006, Yvon Ruel paid the appellant fees of \$170,000 for services rendered.
- (g) In computing his income for the 2006 taxation year, Yvon Ruel, the appellant's brother, claimed a deduction for these fees of \$330,000 paid to the appellant, and the Minister of National Revenue allowed that deduction.

**B. ISSUE**

- 8. Whether the appellant must include as business income in computing his income for the 2006 taxation year the amounts<sup>1</sup> of \$160,000 and \$170,000 that his brother, Yvon Ruel, paid to him in 2006.

**C. STATUTORY PROVISIONS, GROUNDS RELIED ON AND RELIEF SOUGHT**

- 9. The Deputy Attorney General of Canada relies particularly on section 3 and subsection 9(1) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), in its version applicable to this case.
- 10. He submits that the appellant rendered remunerated consulting services to his brother, Yvon Ruel, in relation to the dispute between Yvon Ruel and his former employer.
- 11. He submits that in 2006 Yvon Ruel received \$794,495.28 from his former employer in settlement of the dispute between them.
- 12. He submits that the net amount referred to in the agreement entered into between the appellant and his brother, Yvon Ruel, in December 2005 is \$791,987.88, that is, the payment of \$794,495.28 less the source deductions for QPP and EI employee contributions (\$2,507.40).

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<sup>1</sup> Totalling \$330,000.



13. He submits that the amounts totalling \$330,000 that Yvon Ruel paid to the appellant in 2006 are slightly higher than 40% of the net amount (40% x \$791,987.88 = \$316,795.15).
14. He submits that the appellant therefore received from his brother, Yvon Ruel, in 2006, \$330,000 in fees for services rendered and that he is required to include those fees in his income for the 2006 taxation year as business income.

Docket: 2012-4306(IT)I

**NOTICE OF APPEAL**

1. On or about December 22, 2008, the appellant received from the Canada Revenue Agency a notice of assessment for the 2007 taxation year dated December 22, 2008, for the amount of \$1,091.66. An objection to this notice of assessment, dated March 17, 2009, was sent to the Canada Revenue Agency, whose decision confirming the assessment was rendered on August 6, 2012. Copies of the notice of assessment dated December 22, 2008, the notice of objection dated March 17, 2009, and the reply to the notice of confirmation dated August 6, 2012 are filed together as Exhibit **A1** in support of this appeal.

**THE FACTS**

2. The appellant is 60 years of age and a retired Sûreté du Québec police officer. He is the brother, friend and caregiver of Yvon Ruel. Since childhood, Yvon Ruel and the appellant have maintained regular, close and intimate ties, and assisted each other when necessary.
3. Yvon Ruel was a chartered accountant with the Government of Quebec. He had serious health issues attested to by his attending physicians. His employer dismissed him in September 1994 and refused to reinstate him despite judgments against it. The Honourable Justices of the Court of Appeal of Quebec characterized the attitude of the Government of Quebec as, and I quote, [TRANSLATION]: "verging on indecency". By refusing to carry out court orders in the knowledge of its disproportionate strength and means in that it had access to public funds, the Government of Quebec declared war and it pursued this primitive form of justice in bad faith and deliberately caused serious harm to the entire Ruel family. Their objective was to obtain a discount settlement. This was illegal, immoral and indecent, and it led to unfortunate and deplorable events. Yvon Ruel died prematurely on May 26, 2008, when the legal saga and vendetta had yet to be resolved. Attached hereto are copies of the originating motion with respect to proceedings seeking a permanent injunction and damages and the motion for an interlocutory injunction dated August 20, 2003, as well as the judgment on the motion for an interlocutory injunction rendered

by the Honourable Justice Paul Corriveau dated October 17, 2003, filed together as Exhibit A2 in support of this appeal.

4. Since 1990, the appellant had been assisting and supporting Yvon Ruel in the legal saga and vendetta in which he was embroiled with his employer (the Government of Quebec) and several other co-defendants.
5. In January 2003, Yvon Ruel told the appellant that he had been treated with contempt and wrongfully dismissed by his employer and that he had been abandoned by his union, his lawyers, his friends and his family and that the appellant was the only one who could help him and whom he trusted. He complained that all of his requests for assistance to the CLSC, legal aid, the Ombudsman, the media and political representatives had been denied. Yvon Ruel told the appellant that he wanted to have done with it and that there would be fatalities. His 3 children and his former spouse, Nicole Leblanc, told the appellant that Yvon Ruel was the problem and that they wanted nothing to do with him.
6. Yvon Ruel had been suffering from chronic pain of the lower limbs that prevented him from sitting for more than 30 consecutive minutes and from serious psychological problems for a number of years. In January 2003, Yvon Ruel had no financial resources and was in a lamentable psychological state, with homicidal and suicidal tendencies. At the request of Yvon Ruel and, under duress and threats, the appellant agreed, to avoid the worst possible outcome, to give of his time free of charge and to provide out of his savings the money necessary in order to see Yvon Ruel's files through. Yvon Ruel kept saying [TRANSLATION]: "You are all I have, if you abandon me, my bag is full of weapons, I know their addresses and I'll go take care of that gang of criminals". The appellant was convinced, on considering Yvon Ruel's situation, that he had been the victim of injustice and that he was right.
7. The agreement reached in January 2003 was that the appellant would act gratuitously and that Yvon Ruel would reimburse him for his costs and expenses. Given the health factor and the bond of friendship between them, the appellant agreed to let Yvon Ruel stay at his home and to assist him and support him financially for an indefinite period of time.
8. In October 2003, the appellant and Yvon Ruel contacted Revenue Canada and Revenu Québec to obtain complete information about Yvon Ruel's case. Revenue Canada and Revenu Québec informed us that, since the appellant is Yvon Ruel's brother, since he is not self-employed and since this is a unique case, they could not accept the appellant's expenses as a deduction. They further stated that the appellant's expenses were not eligible as a deduction for Yvon Ruel because they were not legal fees.

9. From June 2003 to the spring of 2007, Yvon Ruel stayed with the appellant. The appellant and his spouse acted as caregivers, as confirmed by the judgment of the Honourable Justice Paul Corriveau dated April 22, 2004, on a declinatory exception pertaining to the domicile of Yvon Ruel, filed as Exhibit A3.
10. Between 1993 and 2005, Yvon Ruel underwent a number of psychological or psychiatric assessments. Two psychiatric expert reports submitted by Dr. Grégoire in 1993 stated that Yvon Ruel already had serious psychological and homicidal problems. In October 2005, Yvon Ruel underwent a psychiatric assessment and in his assessment report, Dr. Pierre Laberge stated with respect permanent impairment, and I quote, [TRANSLATION]: “The percentage in this regard varies between 15% and 45%, and I would put it at 20% for aggravation, spread out over a considerable number of years, of a pre-existing personal condition initially manifesting itself through a cessation of work on December 15, 1992, with a diagnosis of an adjustment disorder with mixed emotional features (anxiety and depression)”. Furthermore, he stated that Yvon Ruel has mood disorders with episodic outbreaks either of excitement or aggressiveness or of self-deprecation with risk of suicide, as described in the expert reports submitted on January 19 and October 5, 1993, by psychiatrist Michel Grégoire, and in the psychosocial report submitted on March 22, 1997, by psychologist Rachel Clermont, and in the psychiatric expert report submitted on June 21, 2007, by neurologist Léo Berger, filed together as Exhibit A4 in support of this appeal.
11. In order to apply pressure and accelerate the settlement of the disputes that had dragged on since 1994 and thus avoid placing the appellant in a potentially difficult situation in the event of failure to reach an out-of-court settlement, Yvon Ruel prepared various drafts and contracts relating to possible compensation for the assistance given by the appellant, and the contracts were kept by Yvon Ruel and Michel Ruel. None of all these contracts was accepted and they were all abandoned and/or rescinded and/or rejected and/or ignored because most of them were false.
12. In early February 2006, without even informing the appellant, Yvon Ruel transferred \$300,000 to the appellant’s bank account and then Yvon Ruel asked the appellant to act as a straw man with respect to an amount of \$330,000 because, according to him, he was afraid it would be seized, and on March 1, 2006, an acknowledgement of debt was signed. He stated that this had to be kept secret and confidential so as to keep the money safe and thus enable him to bring finality to his files and to buy himself a few material goods. The money belonged to him, he managed it, he had control over it, and it was to be used as directed by him, as appears from the acknowledgement of Jacques Ruel’s indebtedness to Yvon Ruel dated March 1, 2006, filed as Exhibit A5.
13. On April 13, 2006, in a report requested from a credit investigation and collection agency, namely, the Centre d’Enquêtes Civiles du Québec,

Yvon Ruel stated that he had given a loan of \$400,000 to an individual he referred to as a co-worker, as appears from the investigation report by the Centre d'Enquêtes Civiles, filed as Exhibit A6 in support of this appeal.

14. On May 23, 2006, in case No. 655-17-0000281-068 of the Superior Court in the District of Baie-Comeau, Yvon Ruel filed a motion to set aside the seizure before judgment. At paragraph 50 of the said motion, he indicates that the paid \$300,000.00 in fees to the appellant, as appears from a copy of the said motion filed as Exhibit A7 in support of this appeal.
15. The appellant's savings were used and continue to be used to bring to an end the saga involving, and the vendetta against, the Ruel family. The so-called \$330,000 loan given by Yvon Ruel to Jacques Ruel was used to pay the costs related to the various files: more than \$50,000 in lawyer's fees, more than \$60,000.00 in travel, living, paperwork and computer expenses (this amount represents approximately 50% of the actual costs incurred) and various cash amounts, including \$100,000 paid in the spring of 2007 to Yvon Ruel, and a chattel mortgage in the amount of \$110,000 which would protect his property from any potential creditor and which allowed him to purchase various material goods for his sole benefit, as appears from the copies of invoices and expenses filed together as Exhibit A8 in support of this appeal.
16. In the fall of 2006, Yvon Ruel mandated notary Cécile Lacasse of Ste-Anne-des-Monts to draft a mandate in case of incapacity. The mandate was signed on March 2, 2007, and gave general power to the appellant to manage and administer, with the powers of an administrator charged with the full administration of the property of others, all of the property of Yvon Ruel. At the request of Yvon Ruel, none of his children or members of his family were to be involved in the event of his incapacity or his death and in the event that the appellant and instructed counsel brought the Ruel case to a conclusion, as appears from a copy of the mandate in case of incapacity of Yvon Ruel filed as Exhibit A9.
17. In April 2007, as Yvon Ruel's condition was deteriorating, the appellant, at the request of Yvon Ruel, was mandated without compensation to manage Yvon Ruel's files. A number of other powers of attorney or mandates were granted to the appellant in relation to the management of his property, as appears from a copy of the said mandates and powers of attorney filed together as Exhibit A10 in support of this appeal.
18. On May 20, 2007, a meeting was scheduled at the residence of Benoit Ruel, the son of Yvon Ruel. Those who were to attend the meeting were the appellant and his spouse Renelle Michaud, Yvon Ruel and his former spouse Nicole Leblanc, and his 3 children, Sophie, Josée and Benoit. The purpose of this meeting was to discuss in general terms the mandate regarding Yvon Ruel's person and property. Much to the appellant's astonishment, Nicole Leblanc and

daughter Sophie backed out and did not attend the meeting. The upshot of the meeting was that neither his daughter Josée nor his son Benoit wanted to look after their father; their personal lives and activities came first.

19. On July 3, 2007, a meeting took place at the Charles Lemoyne Hospital that was attended by the appellant, Yvon Ruel, neurologist Léo Berger and other members of the medical staff. Stéphanie Chouinard, Yvon Ruel's social worker, provided us with a medical report signed by the neurologist, Léo Berger, which stated that Yvon Ruel had impaired memory and judgment and emotional problems and that he had risk behaviours. At the meeting, Dr. Berger advised Yvon Ruel to do whatever was necessary in the event that his condition worsened and he replied that everything had been taken care of. Stéphanie Chouinard told the appellant that the 3 children and former spouse of Yvon Ruel had never contacted him since he was first hospitalized in May 2007, as appears from the said psychiatric assessment filed as Exhibit A4 in support of this appeal.
20. On or about August 3, 2007, the appellant, accompanied by his spouse, Renelle Michaud, met with Josée Ruel in Rimouski. During that meeting, Josée Ruel said that she received her share of the money involved and that it was Sophie Ruel who would be managing the affairs of Yvon Ruel.
21. On or about August 6, 2007, upon my return from a few days' vacation, I was unpleasantly surprised to see that the family dynamic had changed. His children Sophie and Benoit Ruel and former spouse Nicole Leblanc isolated Yvon Ruel and refused to allow me to meet with him.
22. On September 17, 2007, a few days prior to the out-of-court settlement conference scheduled for September 25, 2007, bailiff Roselle Richard served on the appellant a letter from mandataries Sophie Ruel and Nicole Leblanc and a notarized power of attorney, dated August 10, 2007, which revoked, without providing any reason, all of the appellant's previous powers of attorney or mandates, as appears from the copy of the letter of Nicole Leblanc and Sophie Ruel dated September 13, 2007, and of the power of attorney of August 10, 2007, signed by Yvon Ruel, filed together as Exhibit A11 in support of this appeal.
23. On or about September 18, 2007, during a telephone conversation he had with Sophie Ruel, she said something surprising; she asked the appellant to cancel unconditionally the chattel mortgage and stated that the appellant had no contracts with her father. She further stated that she no longer wished to attend the out-of-court settlement conference and that he should deal with his problems himself.
24. On or about September 18, 2007, the mandataries of Yvon Ruel terminated the mandate of Daniel M. Fabien, counsel for Yvon Ruel and the appellant and

cancelled the out-of-court settlement conference scheduled for September 25, 2007, despite the fact that the lawyer had been paid in advance, that Yvon Ruel had signed the request for judicial mediation and that for almost 13 years Yvon Ruel had been complaining that he was a victim caught up in a legal saga. In doing so, they put Yvon Ruel and the appellant in a vulnerable position because the saga and the trial might prove to be long and very costly and would put the Government of Quebec and the co-defendants in an awkward and very uncomfortable position.

25. On September 24, 2007, Yvon Ruel, while incapacitated, went to the Longueuil police station, accompanied by his daughter and mandatary Sophie Ruel, and filed against the appellant a complaint of theft of a motor vehicle and fraud. Yvon Ruel told the investigator that he had paid the appellant \$160,000 in fees. After investigation, Detective Sergeant David Castonguay informed the appellant that the complaints were unfounded and suggested that he lodge a complaint of public mischief in the matter. It was an attack on the appellant's reputation, an utterly underhanded, dishonest act committed in bad faith, as appears from a copy of the report on the theft and fraud complaint filed with the Longueuil police service on September 24, 2007, and from the correspondence of Julie Sénéchal dated November 26, 2007, addressed to Jacques Ruel, filed together as Exhibit A12 in support of this appeal.
26. On November 19, 2007, having been summoned to appear in the Superior Court in Baie-Comeau in the case bearing docket number 655-17-0000281-068, Yvon Ruel was absent, although he and the appellant were being sued for several hundred thousand dollars by his former counsel, Jean Blouin. The appellant, who was a party to the proceeding, had to take on alone the management of the files at a time when his mandates had been cancelled and he had been left to his fate by Yvon Ruel's mandataries.
27. At the request of Yvon Ruel, the appellant had been storing Yvon Ruel's property free of charge since 2003. The appellant looked after Yvon Ruel's property by insuring it and storing it appropriately at his home and at the Ross warehouse in Cap-Chat. On or about September 18, 2007, the appellant informed mandataries Nicole Leblanc and Sophie Ruel of the terms of the chattel mortgage which required that the property be insured. Sophie Ruel, Yvon Ruel's mandatary, subsequently decided to cancel the insurance on the property of Yvon Ruel that was stored in Cap-Chat, without notifying the appellant, thus leaving the appellant open to potential legal action since the appellant had signed a contract with the Ross warehouse and provided a guarantee that the property was insured, and this in spite of the conditions stated in the chattel mortgage, as appears from a copy of the letter of Jacques Ruel dated January 31, 2008, to Sophie Ruel and Nicole Leblanc, filed as Exhibit A13.

28. Yvon Ruel managed his files and he had the originals and copies of the documents. In the fall of 2007, the appellant contacted Yvon Ruel and Michel Ruel in order to obtain the original of the contract of December 17, 2005, and of the agreement of March 1, 2006 with respect to the loan of \$330,000. They refused to provide them and told him that they had destroyed them.
29. In December 2007, given the inability of mandataries Nicole Leblanc and Sophie Ruel to manage the files of Yvon Ruel, the appellant sought assistance from the Public Curator of Quebec, notwithstanding he was in a possible conflict of interest, as appears from a copy of the letter dated December 6, 2007, to Aline St-Onge, Public Curator of Quebec, and of the letter dated December 7, 2007, to Yvon Ruel, Sophie Ruel and Nicole Leblanc, filed together as Exhibit A14 in support of this appeal.
30. The appellant offered his assistance to the Public Curator of Quebec and Yvon Ruel's mandataries so as to bring finality to the files. He informed them that the Government of Quebec owed Yvon Ruel more than one million dollars. At no time did the Public Curator of Quebec or Yvon Ruel's mandataries ask the appellant for any explanations regarding the amount of \$330,000; they preferred instead confrontation with the appellant, seeking a tax exemption for their client, Yvon Ruel, when that amount was never paid to the appellant as compensation but was rather used with respect to Yvon Ruel's property, as appears from a copy of the letter dated January 16, 2008, from François Bérubé, counsel for Jacques Ruel, to Marc Bergeron, Public Curator of Quebec, filed as Exhibit A15 in support of this appeal.
31. On May 28, 2008, the appellant met with his family doctor, Dr. Lavigueur, and the day after with psychiatrist Edouard Bastrami of the CLSC in Ste-Anne-des-Monts. The appellant was diagnosed with major depression. The appellant immediately informed his lawyer, François Bérubé, thereof on May 29, 2008.
32. On June 13, 2008, an agreement was reached during an out-of-court settlement conference at the Quebec City courthouse which definitively resolved all of the disputes. The parties obtained a discount settlement. Given the facts and circumstances, the appellant renounced all forms of financial compensation despite the fact that Yvon Ruel did not honour the agreement of January 2003 that he had entered into with the appellant. The declaration of out-of-court settlement and release of June 13, 2008 gives final release for the present, past and future with respect to the \$330,000, owing to the fact that it had been used up, as appears from a copy of the declaration of out-of-court settlement and release of June 13, 2008, filed as Exhibit A16 in support of this appeal.
33. Upon his return from the out-of-court settlement conference of June 13, 2008, much to his surprise, the appellant received on or about June 14, 2008, by registered mail, from Michel Ruel the original of the contract of December 17,

2005, and the original of the agreement of March 1, 2006, with regard to the loan of \$330,000, although Michel Ruel and Yvon Ruel had told the appellant that they had destroyed them. They acted in bad faith, underhandedly and dishonestly. The appellant immediately informed his lawyer, François Bérubé, as appears from a copy of the envelope and of Jacques Ruel's acknowledgment of his debt to Yvon Ruel, filed together as Exhibit A17 in support of this appeal.

34. On August 27, 2008, while the appellant, Jacques Ruel, and Mr. Bergeron, the Public Curator, were executing the out-of-court settlement agreement of June 13, 2008, the appellant received a letter from Jocelyne Loyer, trustee of the Direction de l'administration des patrimoines requesting that the appellant, Jacques Ruel, sign a misleading document stating, and I quote, [TRANSLATION]: "The motor vehicle described above to Jacques Ruel against his debt by the Public Curator, acting in his official capacity, to Yvon Ruel, as set out in the terms and conditions of the release attached hereto. The amount of the transfer is 'FREE'". Following discussions with Mr. Bergeron, the Public Curator, there was a retraction in the letter of September 10, 2008, such that the text read as follows: [TRANSLATION] "The motor vehicle described above was assigned by the Public Curator, acting in his official capacity, to Yvon Ruel, as set out in the terms and conditions of the release attached hereto. The amount of the transfer is 'FREE'". During the execution of the agreement there had already been attempts to deceive the appellant Jacques Ruel and this Court. A copy of the letters of August 27 and September 10, 2008, and copies of the "ROAD VEHICLE TRANSFER" forms are filed together as Exhibit A18 in support of this appeal.
35. Despite the information that was exchanged with the tax authorities at both levels and the particular circumstances of this vendetta and legal saga and despite the fact that the costs and expenses are not deductible, Revenue Canada is attempting to impose taxation on the so-called loan of \$330,000 allegedly made on March 1, 2008, by Yvon Ruel to the appellant. This is an abuse of rights, power and process.

#### **ISSUES AND GROUNDS OF APPEAL**

36. As mentioned in paragraph 14, we were informed by both levels of government that they could not allow the appellant's expenses relating to the Yvon Ruel saga as a deduction and that the appellant's expenses are not eligible as a deduction for Yvon Ruel on the ground that they are not legal expenses. This notice of assessment is contrary to the information provided and their own claims.
37. There was never any question of \$330,000 in compensation being paid to the appellant. The claim in that regard is contrary to the agreement between the appellant and his brother, Yvon Ruel, as the appellant acted gratuitously and it was agreed that Yvon Ruel would reimburse him for the costs and expenses he



incurred. It is also inconsistent with the so-called loan of \$330,000 of March 1, 2006. It is also contrary to all of the claims of Yvon Ruel, the estate and the respondent that it was compensation. A number of points are in issue and they are surprising: Why file a complaint of theft and fraud on September 27, 2007, with the Longueuil police service if it was compensation? Why not claim the \$330,000 if it was a loan? Why are there so many versions regarding the amount and possible use? Why come back before this Court when the out-of-court settlement and release agreement of June 13, 2008, gives final release for the past, present and future? Why attempt, as mentioned in paragraph 41, to mislead the appellant and this Court by having the appellant sign documents that do not reflect the truth and which attempt to distort it, and then turn around and make it conform to the final agreement of June 13, 2008? Why use this Court to obtain what they were unable to obtain at the out-of-court settlement conference of June 13, 2008?

38. In early February 2006, without even informing the appellant, Yvon Ruel transferred \$300,000 to the appellant's bank account and then asked the appellant to act as a straw man with respect to an amount of \$330,000, and on March 1, 2006, an acknowledgement of debt was signed. The \$330,000 was given in the form of a loan and was accompanied by an acknowledgement of debt. The money belonged to Yvon Ruel, and he managed it, had control over it, and used it as he saw fit according to his needs. For these reasons, the appellant is of the view that he should not be taxed on any part of the loan because to tax him would be contrary to all common sense and all laws. The amount was used up by Yvon Ruel for his sole benefit.
39. As mentioned in paragraph 6, the government acted illegally. By refusing to carry out court orders in the knowledge of its disproportionate strength and means in that it had access to public funds, the Government of Quebec pursued this primitive form of justice in bad faith and deliberately caused serious harm to the entire Ruel family, particularly Yvon Ruel, who died prematurely as a result. Their objective was to obtain a discount settlement. This was immoral and indecent and it led to unfortunate and deplorable events which have brought us before this court. The Government of Quebec and the various stakeholders are attempting to punish appellant, Jacques Ruel. They are attempting to obtain what they were unable to obtain at the settlement conference of June 13, 2008, and/or legally.
40. An amount of \$25,000 and some tangible property were awarded to the appellant in personal damages, for trouble and inconvenience and as compensation for the significant and continuing psychological after-effects that this legal saga has had for him. The appellant suffers from deep depression and regularly sees a psychologist to alleviate the trauma he has suffered. In addition, the appellant must devote his retirement time and his assets to defending himself.

**REPLY TO THE NOTICE OF APPEAL**

In reply to the appellant's Notice of Appeal with respect to the 2007 taxation year, a copy of which was sent to the respondent on November 1, 2012, the Deputy Attorney General of Canada says:

**A. STATEMENT OF FACTS**

1. The Notice of Appeal is only a statement of facts that contains no identifiable elements that the respondent can admit. The Deputy Attorney General therefore takes note of the facts relied upon by the appellant in his Notice of Appeal and denies all the facts therein that are not consistent with the following.
2. On June 12, 2008, the Minister of National Revenue (hereinafter the "Minister") issued to the appellant an initial notice of assessment with respect to the 2007 taxation year.
3. On December 22, 2008, the Minister issued to the appellant a Notice of Reassessment with respect to the same taxation year indicating that the Minister was adding to the appellant's income a total amount of \$5,580 in interest.
4. On or about March 18, 2009, the appellant served on the Minister his notice of objection to the reassessment.
5. On August 6, 2012, the Minister confirmed the reassessment in question.
6. In determining the appellant's tax payable, the Minister relied on the following findings and assumptions of fact:
  - (a) During the 2007 taxation year, the Fédération des Caisses Desjardins du Québec issued two T5 information slips indicating that it had paid the appellant \$2,711.92 and \$2,868.58 in interest from Canadian Sources;
  - (b) The appellant was unable to show that the said interest came from the money belonging to his brother, Yvon Ruel, which the appellant was managing on his behalf.

**B. ISSUE**

7. Was the Minister justified in adding to the appellant's income an amount of \$5,580 that he received in interest?

**C. STATUTORY PROVISIONS, GROUNDS RELIED ON AND RELIEF SOUGHT**

8. He relies in particular on section 3, paragraph 12(1)(c) and subsection 248(1) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended (hereinafter the "Act").
9. He submits, on the basis of the facts alleged in paragraph 6 and in accordance with paragraph 12(1)(c), that the Minister was justified in adding to the appellant's income an amount of \$5,580 that he received in interest.

[7] The appellant, a retired police officer, who was very comfortable in the court setting, attempted to show throughout his lengthy testimony that he had helped his physically and psychologically ailing brother, who was, on the one hand, vulnerable, unhappy, without resources and depressed and, in other circumstances, quick-tempered, aggressive, violent, even dangerous.

[8] The appellant's brother, Yvon Ruel, was the victim of unjustified and unreasonable sanctions imposed by his employer, which affected his health and caused it to deteriorate. Since he had suffered serious material, physical and moral harm, a number of legal proceedings had to be instituted in order to obtain a remedy.

[9] The appellant submitted that, during these numerous and complex proceedings, his brother had become vulnerable, depressed and aggressive, impecunious and rudderless; he stated and reiterated that his brother's immediate family, that is, his children and his former spouse, had rejected him. In that regard, the appellant spoke very harshly of the attitude and conduct of his brother's two daughters and son, whom he described as ungrateful and indifferent to the woes of their ill and impecunious father, Yvon Ruel.

[10] The appellant also stated that his brother was a manipulator and freeloader, and indeed a parasite on society. He indicated that his brother had three addresses, including one in Alberta, in order to avoid, *inter alia*, his tax obligations.

[11] He added that, to escape his tax liabilities and other obligations toward actual and potential creditors, his brother was skilful and imaginative, concocting all kinds of scenarios, schemes, and lies to avoid assuming his responsibilities and to gain all he could from every situation with which he was faced.

[12] The appellant submitted that his brother prepared false documents and false contracts and had even developed a great talent for forging signatures; indeed, he

stated that his brother had on a number of occasions copied his own signature after digitizing it.

[13] The appellant also admitted to having lied outright after being sworn before the court during a hearing in the Superior Court in which an account relating to him was filed. He admitted to validating under oath certain documents which he knew to be false and untrue and which his brother had fabricated in the interest of the successful conduct of his case.

[14] When questioned about the seriousness of those acts, he replied that he wanted to protect himself from the dangerousness of his brother, who could have also posed a very great danger to the life of a number of persons. I note that the appellant is a strapping fellow whose career was with the Sûreté du Québec.

[15] He described his brother's children, that is to say, his nephew and two nieces, as being heartless, ungrateful, indifferent to their father's woes; he also stated that his brother kept them away from him and did not want them to be associated with anything having to do with him, particularly his legal claims.

[16] The appellant also mentioned that his brother's family had filed a complaint against him with his former employer. He indicated that the authorities concerned did not pursue the complaint, which, according to the appellant, legitimized and validated everything he had done.

[17] Most of the appellant's testimony presented details that were neither relevant nor useful in answering the two fundamental questions pertaining to his two appeals:

First, was the amount of \$330,000 a loan granted by his brother or rather fees that his brother paid him pursuant to an agreement?

Second, was the amount of \$5,580.50 paid by the Caisse populaire Desjardins interest that he was required to add to his income?

[18] Specifically regarding these two questions, the appellant provided very few details in relation to the first issue and most particularly with respect to the second issue.

[19] With regard to the first issue, the appellant essentially submitted that the amount of \$330,000 was in fact a loan or a sham loan. The purpose was to enable his brother to escape the obligation to pay substantial fees to a lawyer to whom the

appellant and his brother had given a mandate. This was with respect to legal proceedings instituted to obtain redress for harm suffered following his brother's dismissal.

[20] The explanation is rather peculiar considering that the appellant also stated that the lawyer in question was a friend and that the mandate had been given to him on the appellant's recommendation. The fees of the lawyer in question were over \$200,000.

[21] The appellant stated that he had acted essentially as a nominee and that he had never had actual ownership and/or enjoyment of the amounts, namely a total of \$330,000, transferred to his account.

[22] He maintained that he had repaid in full the amounts in question through payments made following numerous requests made of him by his brother so that he could treat himself to a few luxuries, pay miscellaneous expenses, etc. Thus he claimed that he had received absolutely nothing from his brother that could be considered income.

[23] When asked to explain and describe when and how he repaid the money to his brother, on the one hand the responses and explanations provided by the appellant were incomplete, confusing and undocumented, and on the other hand the portion of his testimony regarding this fundamental question was obtained in response to the other party's questions. The evidence adduced regarding this aspect is very sketchy, indeed incomplete. He spoke in particular of a significant amount of money of about \$100,000 that his brother purportedly asked him for so that he could help his children with whom he supposedly had no relations and who, in addition, according to the appellant, were ungrateful and indifferent.

[24] The amount in question was, according to the appellant, a cash withdrawal augmented by an amount taken out of the appellant's savings. That is the only amount supported by a commencement of proof (an entry on the appellant's account). That commencement, however, was not the subject of additional evidence that could validate or corroborate this amount. Knowing that his management could potentially engender some degree of mistrust and/or give rise to a requirement of accountability, it would have been wise and prudent for him to obtain receipts from his brother each time he gave him money at his request, especially when the amounts involved were substantial. The fact that he does not have such receipts seems to me to be a very important and highly relevant element in validating the basis for the assessment under appeal.

[25] Indeed, the appellant did not file any records, documents or other evidence that could validate his very incomplete and moreover inconsistent verbal explanations.

[26] After having gained all he could from the situation (\$330,000 in fees as a consultant) and no doubt anticipating problems with the family, the appellant withdrew and got the Public Curator involved.

[27] Several times, he completed his answers only after a long pause. This was the case in particular when he stated loud and clear that he had no assets. He later indicated that he had money at home, that he had a safety deposit box at the bank, that he received an amount on the sale of a helicopter, etc. As for the amount of \$5,580.50, he stated that he did not know what it was. He also stated that it may have been an error.

[28] On this issue, which is the subject matter of the second appeal, the evidence is completely non-existent. It would have been very easy to call as a witness a representative of the institution that issued the T5 in question.

[29] Sophie Ruel, the daughter of appellant's deceased brother, testified at the respondent's request. Her testimony was totally beyond reproach. Spontaneous and calm, she answered all questions clearly, simply and precisely; it was however apparent that she was bitter and upset over the behaviour of the appellant, her uncle, toward her ill and very vulnerable father.

[30] Indeed, she often referred to the appellant as [TRANSLATION] "the gentleman, the appellant or the consultant", thus evincing a certain coldness in their relationship, which had nevertheless once been very pleasant and warm. In that regard, she spoke of childhood memories of harmonious relations.

[31] Ms. Ruel did not attempt to express resentment, malice or animosity. She related in a simple and sober manner what she had seen, heard, read and obtained. She also avoided expressing aggressive, bitter or negative feelings about the appellant.

[32] Her explanations were precise, clear and supported by the confidences of her father and the documents she had read. Everything validated and supported in all respects her seriously ill father's concerns about his brother, the appellant. Her testimony, despite the very unusual context, was not coloured or shaped by perceptions, interpretations or speculation.

[33] She was party to authentic notarial acts that constituted proof of their contents, notably with respect to a power of attorney giving her all powers with respect to her father's person. She also spoke with the Public Curator's representative on a number of occasions.

[34] She read a very large volume of documents as well as corrected and/or deleted content in a computer. To understand and validate certain concerns, she and her family members retained an expert to access a hard drive from which a large part of the data has been erased, no doubt at the appellant's request or on his own initiative. In light of the documents consulted, it was very evident that the \$330,000 was indeed fees paid to the appellant.

[35] She also made reference to a number of situations previously described by the appellant in his testimony. Her explanations totally contradicted the appellant's version. I refer in particular to the fact that, when he went to visit the appellant, her father had to stay in a trailer, which, of course, the appellant never mentioned; I refer as well to the length of his stays at the appellant's home, the expense accounts and the housing expenses. In addition, she denied having received from her father a significant portion of the amount that the appellant allegedly gave him.

[36] On cross-examination by the appellant, he attempted through petty, baseless and irrelevant questions to discredit the quality of her testimony.

[37] Ms. Ruel's testimony satisfied the Court that the appellant's comments about his brother's family's ingratitude and indifference were obviously false, at least where she was concerned.

### **Analysis**

[38] It is important to note that the amount at issue is substantial; this is not a trifling matter. Moreover, the appellant is no novice; he is a retired police officer who has testified in court on many occasions.

[39] The repayment of the money to his brother was allegedly done in very large amounts, including a loan in the amount of \$100,000. All the same, the appellant was unable to produce any documents, but provided only very vague and confusing verbal explanations, even though the amount in question was substantial.

[40] The various transactions had to be done in cash or by cheque. In this regard, the best evidence is assuredly bank slips attesting the dates and amounts of the various deposits or withdrawals, to which can be added copies of cheques. Not only did the appellant not use this basic approach, he also went so far as to deny certain obvious facts and offered utterly outlandish explanations for others.

[41] Is his testimony credible, reliable and relevant enough for the Court to allow his appeal, which is essentially based, as has already been noted, solely on his credibility?

[42] I confess at the outset that, while it is generally quite difficult to exclude testimony on the ground of lack of credibility, the exercise of assessing credibility in this case was relatively simple; indeed, I have rarely had to decide a case where so many facts were available to make such a finding.

[43] Before itemizing the elements that justify and support such a harsh finding regarding his testimony, there are several points that I consider it useful to state.

[44] As regards credibility, it is often difficult to determine whether testimony is credible or not. The degree of difficulty is even greater where testimony is credible with respect to some aspects but not others. In some cases, the finding made is uncertain to the point where the rule of the balance of probabilities is very useful and, above all, welcome.

[45] This is not at all the situation in the case at bar; I reject the entire testimony of the appellant, who fabricated most of the explanations offered. I find it despicable that a former police officer would have conducted himself in such a base and abusive manner by exploiting a person who was ill and without resources.

[46] Indeed, in order to assess the credibility of a witness it is necessary to consider numerous elements that must be tempered by taking into account the passage of time, the complexity of the case, the nervousness of the witness, and also his ability to express himself clearly. To all these should be added the witness's knowledge, experience and education. In some cases, consistency, hesitation, plausibility, reasonableness, etc. also come into play. In the present case, regardless of the approach, the conclusion is the same: the appellant has no credibility.

[47] The respondent submits that the appellant received from Yvon Ruel, his brother, in 2006, fees in the amount of \$330,000 for services rendered and that he is



required to include that amount as business income in computing his income for the 2006 taxation year.

[48] The respondent further submits that the interest of \$5,580.50 paid to the appellant by the Caisse populaire Desjardins in 2007 constitutes income from property that the appellant must include in computing his income for 2007.

[49] For his part, the appellant submits that he received nothing more than the amounts reimbursing him in part only for the many expenses he incurred in supporting and accompanying his brother in the legal saga of his brother's proceedings against his former employer for unlawful dismissal. He submits that the amounts totalling \$330,000 were neither income nor consulting fees, but merely a loan made by his brother in order to avoid paying certain debts, including lawyer's fees of over \$200,000. He claims to have repaid the full amount of the loan and to have received absolutely nothing that could be treated as income.

[50] As for the amount of \$5,580.50 taxed as investment income, the appellant essentially stated that he was unable to clearly explain what it was.

[51] His lengthy testimony unequivocally revealed that the appellant has always been comfortable in the role of key witness, so much so that he was able to remain calm even when his explanations were completely contradictory, particularly when describing the extent to which his brother was vulnerable, fragile and without resources while that same individual, again according to the appellant, was in other circumstances hypocritical, dishonest, brazen, a freeloader and even very dangerous. The appellant even claimed that he was afraid of his brother.

[52] According to the appellant, his brother's personality was changeable, which facilitated the appellant's completely contradictory and often downright implausible explanations. Why did he accept, tolerate and validate deceitful and unlawful behaviour? His answer was that his brother was dangerous and so he was afraid, indeed very afraid, but not enough to report him to the competent authorities.

[53] I think it is useful to point out some of these contradictions:

- (a) The appellant stated that his brother had asked him for \$100,000 to help his children, in particular with respect to the purchase of a home; he withdrew \$93,000 in \$100 bills from his account; this transaction appears on the statement, and the amount was augmented by \$7,000, again in cash, from his personal savings. Ms. Ruel clearly stated that she never

received any part of that amount. Why would one use cash transactions in such a delicate matter?

- (b) The appellant stated that his brother had no confidence in his children (two daughters and a son), and that he wanted to keep them well away from his affairs. His daughter Sophie indicated that she had an excellent relationship with her father; she visited him and he visited them also. The notarized power of attorney and the terms of the signed and valid will confirm and corroborate in all respects Ms. Ruel's version with regards to the days following the main settlement of the appellant's various claims against the estate. Those authentic deeds contradict the appellant's purported benevolence and attentiveness toward his brother. Indeed it is quite clear that the appellant did everything in his power to sow and foster discord between his brother and his children.
- (c) On the one hand, the appellant described himself as amiable, available and overly generous with both his time and resources; yet how does one reconcile such traits with his actual conduct, particularly in making completely unreasonable demands for payment within short time periods and charging an excessive interest rate in the event of non-payment within the time specified?
- (d) The appellant stated that he invited Ms. Ruel to discuss her father's situation. On that point, she indicated that she never received such an invitation. She stated that, on the contrary, she herself had taken the initiative in that regard and that the appellant had wanted no part of it.
- (e) On cross-examination, the appellant attempted to undermine his niece's credibility by speaking in tendentious and shameful terms of her and her behaviour. The witness, for her part, never expressed any malice toward her father's brother, the appellant, other than referring to him as the [TRANSLATION] "consultant".

[54] Why did the appellant not call as a witness the lawyer who received over \$200,000 in legal fees, someone from the Caisse Desjardins at which the money was held and which issued the T5 slip with respect to interest, the notary who prepared the deeds, someone from the Office of the Public Curator, or other such individuals?

[55] The appellant stated that on his low retirement income he fed, housed and assumed responsibility for his ill and vulnerable brother, who was rejected by all of

his family members, and that he did so entirely without compensation most of the time.

[56] Ms. Ruel, however, stated that her father had told her that everything the appellant did for him had to be paid for and that nothing was free.

[57] She gave as an example the fact that father had to stay in a trailer adjacent to the appellant's residence and that he did not stay at the residence as the appellant stated throughout his testimony. The appellant described himself as a sensitive, generous and compassionate person and as being very devoted to his ill brother.

[58] The appellant was unable to provide a shred of credible and reliable evidence to substantiate such attributes. On the contrary, evidence composed of his niece's testimony and documents he himself signed demonstrates the exact opposite. I refer in particular to the invoices setting a deadline and an astronomical interest rate. Was this out of revenge or frustration? Again, these sentiments contradict his supposed empathy with his brother.

[59] Ms. Ruel, the appellant's niece, indicated that her father would visit the appellant for several weeks at a time at first, and then sporadically, for a few days, each time returning to Longueuil, the city where his only residence was located.

[60] Another document shows that the appellant's generosity had a very particular meaning. The appellant still charged his brother \$150 per week while he stayed with him purportedly for the preparation of his case.

[61] Ms. Ruel testified with exemplary aplomb considering her uncle's spiteful, mean-spirited, exploitative and loutish conduct. Indeed, she was able to contain the aggressiveness and animosity that, in the circumstances, would have been understandable. She testified in a responsible manner, except that she said the "consultant" when referring to the appellant, and that was as far as it went; the facts she related were entirely substantiated by a number of documents and were consistent with all external elements, including the involvement of a notary and the Public Curator.

[62] Her account had the advantage of being reasonable and credible, and above all it was confirmed and corroborated by the documentary evidence. Yes, she admitted that her father was ill, aggressive, vulnerable and impecunious. Yes, she admitted that her father had had a good relationship with the appellant, and that the appellant had in some respects supported him at times in the past.

[63] She testified on the basis of facts; she never engaged in speculation nor did she attempt to interpret what she had observed; she simply stated what her father had said, his concerns, his reservations, and what he had done. In addition to being very interesting and highly relevant, her testimony was logical and consistent with the content of a number of available documents.

[64] A clear preponderance of evidence shows that the appellant did everything he could to isolate his ill, vulnerable, deeply depressed and impoverished brother. He truly did everything possible to obviously exploit the situation to the fullest to his own advantage.

[65] He did not hesitate to lie and to fabricate explanations, a number of which were quite simply far-fetched or false.

[66] In such a delicate matter as the management of his brother's patrimony, it would have been easy, reasonable and above all exceedingly wise and prudent to be meticulous so as to be able to eventually give an accounting, particularly since the appellant had and should have had all requisite knowledge in this regard, given the type of work he had done during his working life.

[67] He was the only witness who testified in support of his case, when he could have had several other people testify. When his explanations contradicted the content of certain documents, he submitted that these were false or that his actions had been necessary in order to protect himself or the community.

[68] Sometimes his brother was portrayed as being ill, impoverished and rejected by all the members of his family. Sometimes he was described as a potentially dangerous criminal, threatening to either commit suicide or kill all those whom he blamed for a whole series of grievances. The appellant further stated that his brother owned firearms.

[69] One minute he was impoverished and without resources, incapable of making decisions. The next minute he was a clever schemer and a real freeloader, a parasite on all around him who was exceptionally gifted at drafting complex contracts, preparing a whole series of false documents and false invoices, and at operating and using a computer for the purpose of forgery, and he often forged the signature of the appellant, who, I repeat, had had a career as a police officer dealing with criminal cases.

[70] Depending on the situation and the questions, the appellant's answers favoured one or the other of his brother's personalities. A former police officer, with an imposing build, the appellant stated, indeed repeated, that he felt threatened and that he feared the consequences of his brother's aggressive behaviour.

[71] The appellant, as a former police officer, had or should have had a network and the expertise and resources to ensure his own safety and protect society against his brother's mood swings, if the brother truly was as described by the appellant. My belief is rather that the appellant exaggerated, to the point of fabrication, in an attempt to justify the unjustifiable.

[72] Why did the appellant not have his brother interdicted? Why did he not have him committed? Why did he not take measures and precautions to control and prevent all that? The far-fetched and absolutely unreasonable answer was that the appellant was afraid of his brother.

[73] The appellant's testimony, which is the only evidence in support of his two appeals, is fraught with trivialities, inconsistencies and contradictions. When asked to explain certain statements, the appellant fell back on explanations that were outlandish and totally unreasonable to the point of being a real insult to one's intelligence.

[74] When the documents did validate the explanations provided, the signatures had been obtained, according to the appellant, in moments and during periods when his ill brother was not only lucid, but also had above-normal mental acuity.

[75] However, when a document demanded a conclusion that was contrary to his interests and claims, it was false, or a counterletter or simply a void document because it had been signed by a person, his brother, who was intellectually deficient and completely incapable of giving informed, free and voluntary consent.

[76] In conclusion, the appellant struck me—and his lengthy testimony is testament to this—as being an individual with no scruples who basely exploited his family ties to enrich himself in a completely indecent manner. This type of situation is always unfortunate, but when the persons involved are two brothers, one of whom is a former police officer and the other ill, it becomes simply odious.

[77] There is no doubt that the appellant quite scandalously exploited the vulnerability of his brother, who was without means and resources. He abused the situation to the point of asking his brother, for no reason at all, for astronomical

amounts of money after introducing him to a lawyer friend, who also charged him fees of over \$200,000 without completing his mandate.

[78] The outcome of the two appeals rested essentially on the appellant's credibility. However, the evidence established unequivocally and indeed beyond all doubt that he lied from beginning to end. The appellant's testimony must be discounted on the ground that it is not credible. To demonstrate the validity of his claims, the appellant could have easily shown through just a few reliable documents along with brief explanations the inflow and outflow of the amounts involved.

[79] I repeat, the amounts in question are substantial. The appellant claims to have acted as a nominee to enable his brother to thwart his creditors, including his own lawyer friend. Is that not a scenario that demanded thoroughness and coherence and validation through serious, documented accounting?

[80] The evidence established that none of this was present; on the contrary, overwhelmingly preponderant evidence shows that the appellant odiously exploited his own brother. Lacking any documentary evidence, he concocted far-fetched and baseless explanations, constantly taking refuge behind his deceased brother's absence.

[81] For all these reasons, the two appeals are dismissed and the Court awards costs to the respondent.

Signed at Ottawa, Canada, this 3rd day of February 2014.

“Alain Tardif”

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Tardif J.

Translation certified true  
on this 31st day of October 2014.

Erich Klein, Revisor

CITATION: 2014 TCC 31

COURT FILE NOS.: 2011-396(IT)G  
2012-4306(IT)I

STYLE OF CAUSE: JACQUES RUEL v. HER MAJESTY THE  
QUEEN

PLACE OF HEARING: Rimouski, Quebec

DATE OF HEARING: June 11 and 12, 2013

REASONS FOR JUDGMENT BY: The Honourable Justice Alain Tardif

DATE OF JUDGMENT: February 3, 2014

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