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COURT FILE NUMBER

COURT

JUDICIAL CENTRE

PLAINTIFF(S)

DEFENDANT(S)

DOCUMENT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT COURT OF QUEEN'S BENCH OF ALBERTA

CALGARY

1801-10956

RENÉE DELORME as Representative Plaintiff

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, IBM CANADA LIMITED.

# AFFIDAVIT OF RENÉE DELORME IN SUPPORT OF CERTIFICATION

NAPOLI SHKOLNIK CANADA Attention: Clint Docken, Q.C. and Mathew Farrell 342 – 4 Avenue S.E. Calgary, Alberta T2G 1C9 Ph: (403) 457-7778 Fax: 1-877-517-6373

James H. Brown & Associates Attention: Rick Mallett 2400 Sun Life Place 10123-99 Street Edmonton, AB T5J 3H1 Phone: (780) 428-0088 Fax: (780) 428-7788

A Class Proceeding pursuant to the Class Proceedings Act, S.A. 2003, C-16.5

AFFIDAVIT OF RENÉE DELORME Sworn on AUGUST 25<sup>th</sup>, 2022

I, Renée Delorme, of the Hamlet of Bragg Creek, in the Province of Alberta, MAKE OATH AND SAY AS FOLLOWS:



CMH Sept 7 2022

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- 1. I am the proposed representative plaintiff in the within action and as such have a personal knowledge of the facts and matters herein deposed to except where stated to be on information and belief.
- 2. In this affidavit I refer to the Defendant, Her Majesty the Queen in Right of Canada as "Government of Canada".

## Background

- 3. I currently reside in Bragg Creek, Alberta and was a former employee of the Government of Canada.
- 4. The Statement of Claim in this matter alleges the following facts:
  - (a) In or about 2014, IBM Canada Limited ("IBM") wrote a computer program for the Government of Canada, which was intended to automate the payments of wages for all employees and contractors employed by the Government of Canada throughout the country (the "Phoenix Pay System"). At the time that IBM implemented the system it knew that the system contained numerous faults because inter alia they had experience similar problems in Australia and other jurisdictions.
  - (b) IBM failed to take reasonable steps to ensure that the Phoenix Pay System would accurately and reliably remit the amounts due to various employees and contractors for their relevant pay periods.
  - (c) As a result, the Phoenix pay system, when delivered to the Government of Canada was fraught with errors and would frequently either overpay, underpay or fail to pay at all.
  - (d) Upon receiving the faulty product and knowing of these faults, the Government, in breach of its duties in contract, tort and otherwise at law, implemented the Phoenix pay system for all of its employees and contractors.
  - (e) At the time that the Phoenix pay system was implemented, the Government of Canada knew or ought to have known that it contained faulty programming such that it would frequently overpay, underpay or not pay its employees or contractors at all.
  - (f) As a result of the systemic flaws of the Phoenix pay system, the members of the class were repeatedly either overpaid, underpaid, or not paid at all during various pay periods over the course of the Class Period, resulting in significant financial hardship, and loss suffered by the members of the class.

- (g) Compounding this problem, the Phoenix system precluded employees and managers from effectively accessing records of when and how much time was worked, approved or paid out making it more difficult and time consuming to address, detect and resolve these errors.
- (h) During the Class Period, both the Government of Canada and the Defendant IBM, failed to take reasonable steps to ensure that the errors being made by the Phoenix system did not reoccur or to fix the problems with the code and further failed to replace the Phoenix pay system with a system that did not result in repeated instances of being overpaid, underpaid, or not paid at all during a pay period.
- (i) When the class members were in situations where they were overpaid, the Government of Canada would demand return of amounts overpaid, including in some cases requiring the employee to reimburse for statutory withholdings, resulting in the employee repaying more than they mistakenly received. This often occurred in a situation where such amounts had already been spent and the class members were not in a position to easily repay the amounts.
- (j) I worked in various positions as a unionized worker, and as a non-unionized contract employee during the Class Period and in each case I experienced a number of instances of either overpayment, underpayment, misreporting in pay stubs or T4's or not being paid at all during a pay period.
- (k) As a result of these failures to pay the appropriate amounts due, I suffered significant financial hardship but for the fact that my husband and I have prudent financial lifestyles and are near retirement, therefore having some income from investments and savings.
- When I was underpaid or not paid at all, I nonetheless suffered hardship by finding it more difficult and sometimes impossible to plan expenses or investments as and when I had intended.
- (m)When I was underpaid or not paid at all, I nonetheless suffered hardship by finding it more difficult and sometimes impossible to pay for planned expenses or investments as and when I had intended.
- 5. I understand that IBM denies the allegations in the Statement of Claim and, if this matter proceeds, intends to contest them. I understand that IBM denies any liability in this matter.
- 6. That now produced and shown to me and annexed as Exhibit "A" to this my affidavit is a copy of the Litigation Plan.

### **Litigation History**

- 7. The Action was commenced by Statement of Claim on August 18, 2018 in the Court of Queen's Bench in the Judicial District of Calgary. Attached hereto as Exhibit "B" is a copy of the current Amended Statement of Claim.
- 8. I have been advised by that Napoli Shkolnik Canada is working with the law firm of James H. Brown and Associates in the prosecution of the within Action.
- **9.** Due to the costs and risks involved in litigation, in the absence of a class proceeding, I would not have pursued my claim individually.
- 10. I am personally familiar with additional class members other than myself.
- 11. A settlement agreement has been entered into with IBM. As part of the acceptance of the settlement, an application for certification is to be filed for certification of this action.
- 12. This certification is for the purposes of settling with IBM.
- 13. Certification of the Government of Canada will be filed in a subsequent application.

#### Prepared to Act as Representative Plaintiff

- 14. I am prepared to act as a Representative Plaintiff in this matter.
- 15. I have reviewed the class definition and believe that I am a member of the proposed class.
- 16. I have been advised by Napoli Shkolnik Canada that, while I can ask the Court to be reimbursed for my time and expenses incurred in prosecuting this class action, I will not be entitled to any recovery on account of these expenses unless the Court so orders.
- 17. I have been advised by Napoli Shkolnik Canada that the major steps in a class action are generally as follows:
  - (a) the action starts by the issuance of the Statement of Claim (completed);
  - (b) the Court is asked to certify this action as a class proceeding by way of an application for certification.
  - (c) if the Court certifies the action as a class proceeding, notice of the certification order is given to class members who are given the opportunity to opt-out of (exclude themselves from) the class action within a fixed time period;

- (d) each of the parties must produce their relevant documents;
- (e) questioning will be held, during which lawyers for the Defendant will ask me questions and my counsel will ask questions of the Defendant's representative;
- (f) conferences will be held with the case management judge from time to time;
- (g) from time to time, court applications may be held;
- (h) if the action is not settled, there will be a trial. The trial will determine the common issues;
- (i) if the class is successful at trial, notice must be given to the class members to give them the opportunity to participate because their involvement may be necessary at that stage to prove their damages;
- (j) class members will be required to file claims in order to prove their entitlement to damages;
- (k) appeals may be taken at various stages of the action; and
- (l) the action may be settled, but only with court approval, at any stage.
- 18. I also understand that, in agreeing to seek and accept an appointment by the Court as representative plaintiff, it is my responsibility, among other things, to:
  - (a) become familiar with the issues to be decided by the Court;
  - (b) review the Statement of Claim and amendments;
  - (c) assist in the preparation and execution of an affidavit in support of the application for certification;
  - (d) attend, if necessary, with my counsel to be questioned on my affidavit;
  - (e) attend, if necessary, with my counsel for my questioning after certification;
  - (f) assist, if necessary, in the preparation and execution of an affidavit listing relevant documents I have or previously had in my possession or under my control;
  - (g) attend, if necessary, with counsel at trial and give evidence;
  - (h) receive briefings from my counsel from time to time;
  - (i) express my opinions on strategy to my counsel;
  - (j) express my opinion to my counsel and to the Court if offers to settle are made; and

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- (k) assist in the preparation of and sign an affidavit in support of Court approval of any settlement.
- 19. To date, I have taken several steps to fairly and adequately represent the interests of potential class members. These include:
  - (a) retaining the law firms of Napoli Shkolnik Canada and James H. Brown and Associates;
  - (b) communication with counsel to inform myself about the litigation and advise counsel about my personal circumstances;
  - (c) consulting with counsel via telephone, email, and video-conferencing;
  - (d) reviewing the Statement of Claim before filing;
  - (e) locating additional class members and information potential class members of the Action;
  - (f) assisting in the drafting of this affidavit.
- 20. Throughout the litigation, I will continue to fairly and adequately represent the interests of class members by interacting with and instructing class counsel as necessary and ensuring, through counsel, that the class is kept apprised of developments. I will also make myself available for court matters as required.
- 21. I understand that the *Class Proceedings Act*, SA 2003, c-1 6.5 requires a workable Litigation Plan to be put into place as part of the certification process. I understand that such a Litigation Plan will be filed with the court. I do not have expertise which would permit me to evaluate the legal aspects of the Litigation Plan, but I accept that the Litigation Plan has been formulated by class counsel who have expertise in class action litigation.
- 22. I believe that I will fairly and adequately represent the interests of the proposed class and am committed to fulfilling my responsibilities as representative plaintiff.
- 23. I am not aware of having, on the common issues or issues arising out of them, any interest which is in conflict with the interests of any other class member.
- 24. I have an arm's length relationship with the Defendant.
- 25. That I am prepared to be appointed by the Court as a representative Plaintiff and to carry this action forward on behalf of the proposed Class, communicate with the Class and make myself available as required. That to date I have been in regular communication with Class Counsel.

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- 26. That I do verily believe that the issues of each proposed Class Member consist of whether minimum was met and what are the legal obligations of the Defendants arising out of the fact that minimum was not met.
- 27. That a class proceeding is a preferable procedure to multiple individual claims being pursued independently, in my belief.
- 28. I swear this affidavit in support of the Application for Certification and for no improper purpose.

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SWORN before me at the City of Calgary, in the Province of Alberta, this \_\_\_\_ day of August, 2022

RENÉE DELORME

A Commissioner for Oaths in and for the Province of Alberta

COURT FILE NUMBER

1801-10956

CALGARY

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

RENEE DELORME as REPRESENTATIVE PLAINTIFF

DEFENDANT

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, IBM CANADA LIMITED

### DOCUMENT

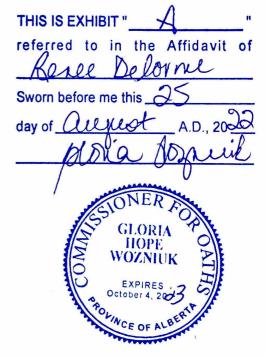
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

## **LITIGATION PLAN**

Napoli Shkolnik Canada Attn: Clint Docken, QC 1900, 144 - 4 Avenue SW Calgary, Alberta T2P 3N4 Ph: (212)

James H. Brown & Associates Attn: Richard J. Mallett 2400, 10123-99 Street NW Edmonton, Alberta T5J 3H1 Ph: (780) 428-0088 Fax: (780) 428-7788

# PLAINTIFF'S LITIGATION PLAN DATED AS OF AUGUST 24, 2022



Clerk's Stamp

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## ARTICLE 1 INTERPRETATION

### **Defined Terms**

- 2.1. In this litigation plan:
  - i. "Class Action" means Alberta Court of Queen's Bench Action No. –1801-10956 (Calgary);
  - ii. "Class Counsel" means Guardian Law Group LLP and James H. Brown & Associates LLP;
  - iii. "Court" means the Alberta Court of Queen's Bench;
  - iv. "CPA" means the Class Proceedings Act, SA 2003, c C-16.5;
  - v. The "Class" means the following: All individuals, whether unionized or non-unionized, who worked for the Government of Canada at any time between January 1, 2014 through until the date of settlement approval

# ARTICLE 2

#### **COMMUNICATING WITH CLASS MEMBERS**

- 2.1. Class Counsel will regularly report to class members through a website developed and maintained for the purposes of providing information about the Class Action and as otherwise provided in this Litigation Plan. The website shall include an electronic form that persons can complete in order to receive additional information about the Class Action.
- 2.2. Class Counsel will provide class members with updates of all major steps in the Class Action.
- 2.3. Class Counsel will designate a person to answer communications from class members concerning the Class Action.

#### ARTICLE 3

#### ADDITIONAL LITIGATION STEPS

3.1. The Parties shall attend case management conferences, as necessary, regarding the remaining steps in the Class Action, which are described below.

#### Notice of Certification

3.2 The Parties will work to reach agreement on the form and content of the notice of certification and settlement to be posted on the website.

### **Opt-Out Procedure**

- 3.3 The notice of certification shall advise putative class members of their rights to opt out of the Class Action.
- 3.4 The following opt-out procedure is proposed:
  - A person may only opt out of the Class Action by sending a written request to Class
    Counsel at an address to be specified in the notice of certification. The request to opt out
    must disclose the name, address, email address and phone number of the person seeking
    to opt out of the Class Action. Additionally, each request to opt out must contain the
    executed statement: "I hereby request that I be excluded from the IBM Phoenix Payroll
    Settlement ".
  - Written requests to opt out must be postmarked no later than sixty (60) days after the notice of certification is first published.
- 3.5 Within sixty (60) days of the opt-out deadline, Class Counsel will provide to counsel for the Defendants copies of all opt-out requests received.

# **Other Applications**

3.6 Although no applications other than those indicated in this litigation plan are currently anticipated by the Plaintiff, additional applications may be required and will be scheduled as the case progresses.

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

PLAINTIFF(S)

DEFENDANT(S)

1801-10956

COURT OF QUEEN'S BENCH OF MADERTA2019

CLERK OF THE COURT

FILED

JUDICIAL CENTRE OF CALGARY

CALGARY

**RENÉE DELORME as Representative Plaintiff** 

Her Majesty the Queen in Right of Canada, IBM Canada Limited.

A Class Proceeding under the Class Proceedings Act

# DOCUMENT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

# AMENDED STATEMENT OF CLAIM

GUARDIAN LAW GROUP LLP Attention: Clint Docken, Q.C. and Mathew Farrell 342 – 4 Avenue S.E. Calgary, Alberta T2G 1C9 Ph: (403) 457-7778 Fax: 1-877-517-6373 Box: 7 How for the second se

James H. Brown & Associates Attention: Rick Mallett 2400 Sun Life Place 10123-99 Street Edmonton, AB T5J 3H1 Phone: (780) 428-0088 Fax: (780) 428-7788

to in the Affidavit of ext A.D., 20 day of ORIA IOPE WOZNIUR EXPIRES October 4, 20

# NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

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

# Note: State below only facts and not evidence (Rule 13.6)

# The Plaintiff and the Class:

1. The proposed Representative Plaintiff, RENEE DELORME, resides in the Province of Alberta.

#### COMMISSIONER FOR OATHS CERTIFICATE

CANADA } PROVINCE OF ALBERTA } ALBERTA }

I, Gloria Wozniuk, a Commissioner for Oaths, with GUARDIAN LAW GROUP LLP, located in the City of Calgary in the Province of Alberta, DO CERTIFY that this affidavit was sworn before me using video conferencing through Zoom and that Renee Delorme executed the Affidavit. I am satisfied that this process was necessary because it was impossible for Renee Delorme and myself to be physically present together for swearing of her affidavit as due to the Covid 19 pandemic. I further confirm that she endorsed her initials on the corner of each page of the Affidavit while on the video conference with me.

Dated: August 25, 2022

Commissioner for Oaths in and for the Province of Alberta



COURT FILE NUMBER	1801-10956	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFF(S)	RENÉE DELORME as Representative Plaintiff	
DEFENDANT(S)	HER MAJESTY THE QUEEN IN RIGHT OF CANADA, IBM CANADA LIMITED.	
DOCUMENT	AFFIDAVIT OF RENÉE DELORME IN SUPPORT OF CERTIFICATION	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	NAPOLI SHKOLNIK CANADA Attention: Clint Docken, Q.C. and Mathe 342 – 4 Avenue S.E. Calgary, Alberta T2G 1C9 Ph: (403) 457-7778 Fax: 1-877-517-6373 James H. Brown & Associates	ew Farrell
	Attention: Rick Mallett 2400 Sun Life Place 10123-99 Street Edmonton, AB T5J 3H1 Phone: (780) 428-0088 Fax: (780) 428-7788	

A Class Proceeding pursuant to the Class Proceedings Act, S.A. 2003, C-16.5

# AFFIDAVIT OF RENÉE DELORME Sworn on AUGUST 25<sup>th</sup>, 2022

I, Renée Delorme, of the Hamlet of Bragg Creek, in the Province of Alberta, MAKE OATH AND SAY AS FOLLOWS:

- 1. I am the proposed representative plaintiff in the within action and as such have a personal knowledge of the facts and matters herein deposed to except where stated to be on information and belief.
- 2. In this affidavit I refer to the Defendant, Her Majesty the Queen in Right of Canada as "Government of Canada".

## Background

- 3. I currently reside in Bragg Creek, Alberta and was a former employee of the Government of Canada.
- 4. The Statement of Claim in this matter alleges the following facts:
  - (a) In or about 2014, IBM Canada Limited ("IBM") wrote a computer program for the Government of Canada, which was intended to automate the payments of wages for all employees and contractors employed by the Government of Canada throughout the country (the "Phoenix Pay System"). At the time that IBM implemented the system it knew that the system contained numerous faults because inter alia they had experience similar problems in Australia and other jurisdictions.
  - (b) IBM failed to take reasonable steps to ensure that the Phoenix Pay System would accurately and reliably remit the amounts due to various employees and contractors for their relevant pay periods.
  - (c) As a result, the Phoenix pay system, when delivered to the Government of Canada was fraught with errors and would frequently either overpay, underpay or fail to pay at all.
  - (d) Upon receiving the faulty product and knowing of these faults, the Government, in breach of its duties in contract, tort and otherwise at law, implemented the Phoenix pay system for all of its employees and contractors.
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  - (f) As a result of the systemic flaws of the Phoenix pay system, the members of the class were repeatedly either overpaid, underpaid, or not paid at all during various pay periods over the course of the Class Period, resulting in significant financial hardship, and loss suffered by the members of the class.

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- 5. I understand that IBM denies the allegations in the Statement of Claim and, if this matter proceeds, intends to contest them. I understand that IBM denies any liability in this matter.
- 6. That now produced and shown to me and annexed as Exhibit "A" to this my affidavit is a copy of the Litigation Plan.

### **Litigation History**

- 7. The Action was commenced by Statement of Claim on August 18, 2018 in the Court of Queen's Bench in the Judicial District of Calgary. Attached hereto as Exhibit "B" is a copy of the current Amended Statement of Claim.
- 8. I have been advised by that Napoli Shkolnik Canada is working with the law firm of James H. Brown and Associates in the prosecution of the within Action.
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#### **Prepared to Act as Representative Plaintiff**

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  - (c) assist in the preparation and execution of an affidavit in support of the application for certification;
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  - (f) assisting in the drafting of this affidavit.
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- 22. I believe that I will fairly and adequately represent the interests of the proposed class and am committed to fulfilling my responsibilities as representative plaintiff.
- 23. I am not aware of having, on the common issues or issues arising out of them, any interest which is in conflict with the interests of any other class member.
- 24. I have an arm's length relationship with the Defendant.
- 25. That I am prepared to be appointed by the Court as a representative Plaintiff and to carry this action forward on behalf of the proposed Class, communicate with the Class and make myself available as required. That to date I have been in regular communication with Class Counsel.

- 26. That I do verily believe that the issues of each proposed Class Member consist of whether minimum was met and what are the legal obligations of the Defendants arising out of the fact that minimum was not met.
- 27. That a class proceeding is a preferable procedure to multiple individual claims being pursued independently, in my belief.
- 28. I swear this affidavit in support of the Application for Certification and for no improper purpose.

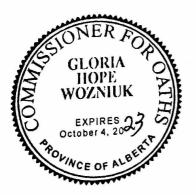
**RENÉE DELORME** 

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SWORN before me at the City of Calgary, in the Province of Alberta, this 25 day of August, 2022

A Commissioner for Qaths in and for the Province of Alberta



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COURT FILE NUMBER

1801-10956

CALGARY

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

PLAINTIFF

RENEE DELORME as REPRESENTATIVE PLAINTIFF

DEFENDANT

HER MAJESTY THE QUEEN IN RIGHT OF CANADA, IBM CANADA LIMITED

## DOCUMENT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

## **LITIGATION PLAN**

Napoli Shkolnik Canada Attn: Clint Docken, QC 1900, 144 - 4 Avenue SW Calgary, Alberta T2P 3N4 Ph: (212)

James H. Brown & Associates Attn: Richard J. Mallett 2400, 10123-99 Street NW Edmonton, Alberta T5J 3H1 Ph: (780) 428-0088 Fax: (780) 428-7788

# PLAINTIFF'S LITIGATION PLAN DATED AS OF AUGUST 24, 2022

THIS IS EXHIBIT "\_\_\_\_\_\_\_" referred to in the Affidavit of <u>Revel Deloynul</u> Sworn before me this <u>25</u> day of <u>August</u> A.D., 2020 <u>ADIA</u> ADJUL <u>ADIA</u> ADJUL <u>HOPE</u> WOZNIUK BOCTOBER 4, 2033 BOLINCE OF ALBERTY MCE OF ALBERTY

Clerk's Stamp

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## ARTICLE 1 INTERPRETATION

### **Defined Terms**

- 2.1. In this litigation plan:
  - i. "Class Action" means Alberta Court of Queen's Bench Action No. –1801-10956 (Calgary);
  - ii. "Class Counsel" means Guardian Law Group LLP and James H. Brown & Associates LLP;
  - iii. "Court" means the Alberta Court of Queen's Bench;
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  - v. The "Class" means the following: All individuals, whether unionized or non-unionized, who worked for the Government of Canada at any time between January 1, 2014 through until the date of settlement approval

# ARTICLE 2

#### **COMMUNICATING WITH CLASS MEMBERS**

- 2.1. Class Counsel will regularly report to class members through a website developed and maintained for the purposes of providing information about the Class Action and as otherwise provided in this Litigation Plan. The website shall include an electronic form that persons can complete in order to receive additional information about the Class Action.
- 2.2. Class Counsel will provide class members with updates of all major steps in the Class Action.
- 2.3. Class Counsel will designate a person to answer communications from class members concerning the Class Action.

#### ARTICLE 3

#### ADDITIONAL LITIGATION STEPS

3.1. The Parties shall attend case management conferences, as necessary, regarding the remaining steps in the Class Action, which are described below.

#### Notice of Certification

3.2 The Parties will work to reach agreement on the form and content of the notice of certification and settlement to be posted on the website.

### **Opt-Out Procedure**

- 3.3 The notice of certification shall advise putative class members of their rights to opt out of the Class Action.
- 3.4 The following opt-out procedure is proposed:
  - A person may only opt out of the Class Action by sending a written request to Class
    Counsel at an address to be specified in the notice of certification. The request to opt out
    must disclose the name, address, email address and phone number of the person seeking
    to opt out of the Class Action. Additionally, each request to opt out must contain the
    executed statement: "I hereby request that I be excluded from the IBM Phoenix Payroll
    Settlement ".
  - Written requests to opt out must be postmarked no later than sixty (60) days after the notice of certification is first published.
- 3.5 Within sixty (60) days of the opt-out deadline, Class Counsel will provide to counsel for the Defendants copies of all opt-out requests received.

# **Other Applications**

3.6 Although no applications other than those indicated in this litigation plan are currently anticipated by the Plaintiff, additional applications may be required and will be scheduled as the case progresses.

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

PLAINTIFF(S)

DEFENDANT(S)

1801-10956

CLERK OF THE COURT

COURT OF QUEEN'S BENCH OF MARENTA2019

CALGARY

JUDICIAL CENTRE OF CALGARY

**RENÉE DELORME as Representative Plaintiff** 

Her Majesty the Queen in Right of Canada, IBM Canada Limited.

A Class Proceeding under the Class Proceedings Act

### DOCUMENT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

### AMENDED STATEMENT OF CLAIM

GUARDIAN LAW GROUP LLP Attention: Clint Docken, Q.C. and Mathew Farrell 342 – 4 Avenue S.E. Calgary, Alberta T2G 1C9 Ph: (403) 457-7778 Fax: 1-877-517-6373 Box: 7

James H. Brown & Associates Attention: Rick Mallett 2400 Sun Life Place 10123-99 Street Edmonton, AB T5J 3H1 Phone: (780) 428-0088 Fax: (780) 428-7788

### NOTICE TO DEFENDANT(S)

You are being sued. You are a defendant.

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

## Note: State below only facts and not evidence (Rule 13.6)

## The Plaintiff and the Class:

1. The proposed Representative Plaintiff, RENEE DELORME, resides in the Province of Alberta.

- 2. The Defendant, Her Majesty the Queen in Right Canada, is the lawful government of the State of Canada.
- 3. The Defendant IBM is a Corporation validly incorporated in accordance with the laws of Canada and having a registered office in the City of Markham, in the Province of Ontario and is in the business of writing computer programs.
- 4. The proposed Class Period is 2014 up to and including the present time (Class Period).
- 5. The Proposed Class is all individuals, whether unionized or non-unionized, who worked for the Government of Canada during the Class Period.
- 6. The Representative Plaintiff, RENÉE DELORME, is a resident of Alberta, who worked as both a unionized and non-unionized employee of the government during the Class Period and experienced overpayments, underpayments, missed payments and faulty pay stubs and T4's with respect to her regular payment during pay periods within the Class Period.

#### Claim:

- 7. In or about 2014, IBM wrote a computer program for the Government of Canada, which was intended to automate the payments of wages for all employees and contractors employed by the Government of Canada throughout the country (the "Phoenix Pay System"). At the time that IBM implemented the system it knew that the system contained numerous faults because *inter alia* they had experience similar problems in Australia and other jurisdictions.
- 8. The Defendants stood in a relationship of proximity to the Class such that their actions could reasonably be expected to affect the Class.
- 9. In breach of its obligations, IBM failed to take reasonable steps to ensure that the Phoenix Pay System would accurately and reliably remit the amounts due to various employees and contractors for their relevant pay periods.

- 10. As results of the negligence of IBM, the Phoenix pay system, when delivered to the Government of Canada was fraught with errors and would frequently either overpay, underpay or fail to pay at all.
- 11. Upon receiving the faulty product and knowing of these faults, the Government, in breach of its duties in contract, tort and otherwise at law, implemented the Phoenix pay system for all of its employees and contractors.
- 12. At the time that the Phoenix pay system was implemented, the Government of Canada knew or ought to have known that it contained faulty programing such that it would frequently overpay, underpay or not pay its employees or contractors at all.
- 13. As a result of the systemic flaws of the Phoenix pay system, the members of the class were repeatedly either overpaid, underpaid, or not paid at all during various pay periods over the course of the Class Period, resulting in significant financial hardship, and loss suffered by the members of the class.
- 14. Compounding this problem, the Phoenix system precluded employees and managers from effectively accessing records of when and how much time was worked, approved or paid out making it more difficult and time consuming to address, detect and resolve these errors.
- 15. During the Class Period, both the Government of Canada and the Defendant IBM, failed to take reasonable steps to ensure that the errors being made by the Phoenix system did not reoccur or to fix the problems with the code and further failed to replace the Phoenix pay system with a system that did not result in repeated instances of being overpaid, underpaid, or not paid at all during a pay period.
- 16. When the Plaintiff were in situations where they were overpaid, the Government of Canada would demand return of amounts overpaid, including in some cases requiring the employee to reimburse for statutory withholdings, resulting in the employee repaying more than they mistakenly received. This often occurred in a

situation where such amounts had already been spent and the Plaintiffs were not in a position to easily repay the amounts.

- 17. The Representative Plaintiff worked in various positions as a unionized worker, and as a non-unionized contract employee during the Class Period and in each case experienced a number of instances of either overpayment, underpayment, misreporting in pay stubs or T4's or not being paid at all during a pay period.
- 18. As results of these failures to pay the appropriate amounts due to her, pursuant to her employment contract as and when due, the Representative Plaintiff would have suffered significant financial hardship but for the fact that she and her husband have lived below their means for most of their lives and are near retirement, therefore having some income from investments and savings.
- 19. When the Representative Plaintiff was underpaid or not paid at all, she nonetheless suffered hardship by finding it more difficult and sometimes impossible to pay for planned expenses or investments as and when she had intended.

#### Breaches by the Defendants:

- 20. The Defendant, IBM, owed a duty of care to the Plaintiff class to ensure that the Phoenix pay system was reasonably fit for the purposes to which it was expected to be put when it delivered that product to the Canadian government for the purposes of paying the employment income of the numbers of the Plaintiff class and IMB breached their standard of care by failing to use reasonable efforts to ensure that the Phoenix paid program would not repeatedly overpay, underpay, or not pay class members at all.
- 21. The Defendant, Government of Canada owed contractual duties to all of its employees and contractors whether unionized or nonunionized pursuant either to their individual employment contracts or their collective Agreements to properly remunerate those employees and contractors in accordance with the various

agreements and breached those contractual obligations each time it overpaid underpaid or failed to pay the Class Plaintiffs during the Class Period.

- 22. The Government of Canada owed a duty of care to its unionized, nonunionized and contract-based employees which arises independently and separate from either the contracts or the collective agreements which govern their respective employment relationships to ensure that the pay system which is utilized will not consistently overpay, underpay, or fail to pay the Class Plaintiffs.
- 23. The Defendants further breached their obligations to the Class Plaintiffs by failing to promptly and accurately advise the Class Plaintiffs of the problem, failing to be forthright about the realistic amount of time that it was going to take to fix the problem, failing to be forthright about the likelihood that the problem would reoccur, and failing to take appropriate steps to rectify underpayments and missed payments within reasonable timeframes, and acting in a callous and highhanded manner with respect to the recovery of amounts overpaid in error.
- 24. As a result of these actions, the Class Plaintiffs did not know that they had a cause of action which reasonably warranted bringing a proceeding until the said errors continued to occur on multiple occasions, or in the alternative, the actions and inactions of the Defendants constituted a continuing tort.

#### **Remedy Sought:**

- 25. The Representative Plaintiff and the Class Plaintiffs claim against the Defendants jointly and severely:
  - a) an Order pursuant to the Class Proceedings Act, certifying this action as a class proceeding and appointing the Plaintiff as the Representative Plaintiff,
  - b) Damages and compensation in the aggregate amount of 1,000,000,000 (one billion) dollars.
  - c) An accounting for and payment of all amounts not yet paid but due and owing to class members

- Punitive and exemplary damages in the amount of 5 million dollars, or such other sum as the Court finds appropriate.
- e) In the alternative, damages assessed on an individual basis with respect to the particular damages and prejudice suffered by each class members as a result of the actions of the government.
- f) An order for the aggregate assessment of money relief and distribution thereof to the Plaintiffs and to the class members.
- g) An Order directing a reference or giving such other direction as necessary to determine issues not determined at the trial of common issues.
- h) Prejudgment and post judgment interest
- i) Cost of this action on a solicitor-client basis.
- j) Costs for the distribution of an award under the Class Proceedings Act including the cost of a notice associated with a distribution and fees payable to a person administering the distribution
- k) Such further and other relief as counsel may advise and this Honourable Court may permit.

### NOTICE TO THE DEFENDANT(S)

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

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months of you are served outside Canada.

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

#### WARNING

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

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