

April 8, 2025

Christopher McPherson, Deputy Minister  
Deputy Minister, Jobs, Economy and Trade  
10155 102 St NW, Edmonton  
AB T5J 4G8

Dear Mr. McPherson,

We are writing to you to provide clarity regarding recent public discussions that have included misleading and inaccurate information about our company, MHCare Medical Corporation (MHCare), its operations and its CEO.

We felt it would be appropriate to forward this information to you in your capacity as the Deputy Minister of Jobs, Economy and Trade and, more importantly, the Alberta public service lead for third-party investigations into this issue set. It is our hope that this will be of assistance to the various reviews and examinations underway – including those by government itself, the Office of the Auditor General and the review by Judge Wyant. MHCare remains committed to compliance, accountability, and constructive engagement with all government entities, oversight bodies, and we appreciate the opportunity to share this information and context.

## OVERVIEW

During the pandemic, MHCare responded to requests from officials at Alberta Health Services (AHS) to help meet urgent public health needs during an unprecedented crisis. This included sourcing and importing personal protective equipment (PPE), children's analgesics, COVID Rapid Antigen Tests (RATs), and other critical supplies as specified. During this time, we were one of many suppliers supporting AHS needs. MHCare has consistently fulfilled expectations set by officials while ensuring timely and effective delivery of essential supplies. It is important to remember that all of this was at a time when the entire world had been plunged into uncertainty, with widespread shortages of medical necessities and intense competition to source and deliver those items for the people of Alberta and Canada. MHCare remains proud of this work and of the important role it played in fulfilling the needs of Alberta's healthcare workers and the public during, and after, the pandemic.

If there is one fact above all others that requires attention, it is this: MHCare responded to the urgent requests from AHS in full compliance with all applicable procurement rules and regulations established at that time by AHS. MHCare dealt solely with AHS and their representatives and, at no time, was there any interaction, appeal or involvement of elected officials or their staff to secure these orders. Every purchase order (PO) MHCare was asked to fulfill and every agreement MHCare entered into was created, issued and executed by AHS under their terms and conditions of agreement.

To support the various reviews underway, we believe it is important to address several allegations that have been raised. We recognize that many of these items can become technical and detailed in nature. We would be happy to provide anything further you might require or answer any additional questions that might arise.

Five specific areas of allegation have arisen publicly that require correction:

1. The provision of PPE and other deliverables ordered by and delivered to AHS during the pandemic.
2. The MHCare agreement with AHS to provide medications including children's analgesics – part of which has been fulfilled, part of which remains in progress.
3. The ownership interest of Sam Mraiche, CEO of MHCare, in the proposed Red Deer and Lethbridge Chartered Surgical Facilities (CSFs), now known as Prairie Surgical Centre.
4. The July 2024 sale of the property at 14425-124 Ave NW in Edmonton.
5. The relationship between MHCare/Mr. Mraiche and the government of Alberta.

## 1. PROVISION OF PANDEMIC MEDICAL SUPPLIES

This matter is perhaps the most easily addressed. Indeed, there is no specific allegation of wrongdoing against MHCare. Nevertheless, the former CEO of AHS in her Statement of Claim (SOC) makes suggestive reference to roughly \$600 million in contracts for pandemic-era procurements. While this is roughly accurate, it is vital to note that all purchase orders for the provision of PPE, medical supplies, COVID RATs, and more, were issued by AHS in keeping with pandemic-era procurement procedures and MHCare faithfully delivered the supplies ordered.

All of this supported a large-scale, multi-faceted effort to secure and deliver critical PPE during a time of urgent need for Alberta's healthcare system. To place this in perspective, over a relatively short period of time, MHCare delivered hundreds of millions of units of urgently needed medical and public health items. This effort involved more than 100 chartered overseas cargo flights and the delivery of tens of thousands of tons of PPE in more than 1,200 sea containers – all at a time when global supply chains were under immense strain and product costs were skyrocketing.

Indeed, of the millions of pounds of PPE product MHCare delivered to AHS, concerns were only ever raised with respect to a handful of items, most of which occurred in the earliest days of the pandemic. No supplier during this period can claim perfection but well in excess of 98% of the millions of items that MHCare delivered were welcomed without any serious question of any kind.

Moreover, none of these questions involved serious concerns with respect to safety and, in all instances, MHCare was able to work constructively to meet the satisfaction of AHS and Health Canada. Indeed, MHCare became a trusted and reliable partner to AHS, working diligently to fulfill requirements made of them to equip Alberta's hospitals, staff and the public with PPE during, and after, the pandemic.

For all these reasons, pejorative mentions by the former CEO of AHS and the Leader of the Opposition concerning the scale of product delivered, purchase orders fulfilled and payments issued are grossly misleading. The volume and value of purchase orders was dictated by the extraordinary needs of the pandemic. MHCare's response was evidence of the organization's ability to meet those needs and deliver, as requested, for AHS and the province of Alberta.

## 2. CHILDREN'S ANALGESICS AND ACETAMINPHEN INJECTABLE

In the fall of 2022, after successfully fulfilling numerous requests for PPE and other items, MHCare began working with AHS to urgently source medications due to a national shortage of children's acetaminophen and ibuprofen. At that time, pharmacy shelves were empty and the worldwide effort to source these products was intense.

Atabay Pharmaceuticals (Atabay), with facilities in Istanbul, was a prospective source for the manufacture of such medicines. AHS provided written confirmation of its intent to procure these products from Atabay, with MHCare serving as the Canadian importer. Accordingly, Atabay and MHCare immediately initiated the stringent regulatory processes with Health Canada to enable importation of the medications. On that basis, AHS issued a purchase order for 5 million units of children's analgesics at a total value of \$70 million.

Health Canada subsequently provided its approval, confirming the safety and efficacy of the medications ordered by AHS. This enabled the timely importation of a large shipment of children's acetaminophen on January 19, 2023 – an event that garnered widespread public attention, particularly given the shortages experienced elsewhere.

However, Health Canada added key conditions to its approvals – specifically, the total number of units would be capped at 1.5 million and no transport of those units could be made outside of the province of Alberta for other provinces' healthcare or retail use.

With the need for other medications still running high and provision for a further 3.5 million units already contracted, a list of other medications that could be imported from Atabay was provided to AHS. A number of options were presented, including many on Health Canada's Tier 3 Shortage List – which triggers a speedier regulatory process for purposes of importation. Shortly thereafter, AHS informed MHCare of their choice: an acetaminophen injectable that is administered through an IV. Atabay confirmed that it could produce this medication at its Gebze sterile injection site which enjoys a European Union (EU) Good Manufacturing Practice (GMP) certification.

However, the option selected by AHS was not included on Health Canada's Tier 3 Shortage List, which meant that regulatory approvals – required for importation – would be significantly more involved. A contract was signed between AHS and MHCare in July 2023, under which MHCare assumed full responsibility – and bore all associated costs – for managing the regulatory processes required to import the acetaminophen injectable chosen by AHS.

MHCare moved swiftly, securing the support of regulatory experts to help facilitate applications for both a Drug Establishment Licence (DEL) amendment – necessary because these new medications would be produced at the Gebze facility, and a Drug Information Number (DIN), which is specific to each individual product and necessary to import the medication itself. An application for the DIN was made in November 2023 which, in turn, triggered Health Canada's screening phase. That screening process was completed in March 2024. In keeping with regulatory protocols, the DIN application must be made by the manufacturer – in this case, Atabay, along with the support of Eurofins Scientific who is assisting with the technical submissions. MHCare is playing a supportive role to Atabay as the applicant.

Throughout the spring, summer and fall of 2024, MHCare continued to coordinate the many technical and time-intensive elements of Health Canada regulatory processes. AHS was kept updated regularly, including a written

briefing submitted in July 2024. Others were to follow. On July 26, the DEL amendment was approved by Health Canada. In September 2024, Health Canada requested additional information including new studies to support the DIN application for the acetaminophen injectable – all of which was routine but nevertheless time-consuming. Consequently, in December 2024 additional data was submitted and a request for extension was filed to grant the time required to complete the studies Health Canada had requested. MHCare was hopeful that an approval would soon follow, clearing the way for the delivery of the acetaminophen injectable.

However, on January 9, 2025, Health Canada raised a technical concern with the application for extension that had been filed in the fall. Although Health Canada acknowledged that its guidance may have been ambiguous, it nevertheless informed the applicant that this clerical challenge would require a halt in regulatory approvals. Discussions with Health Canada led to the identification of two options: Continue as is with the DIN application knowing that it would be rejected on a technical basis but offering an opportunity for an appeal – although that process could take up to 171 days and come with no guarantee of success. The alternative was to withdraw the submission, complete a further round of study and then reapply for the DIN. While both options would mean delay, the prospective length and uncertainty of the first option left only one practical choice. Accordingly, the submission was withdrawn in January 2025. Additional work was conducted and, in early March, drafting resumed for the DIN submission. That work has been completed and the DIN application should be registered before the end of April. Approval and the importation of the units will then further depend upon Health Canada's timelines.

Without question, this has been a challenging and complicated process – involving differing orders of medications, securing an approved international manufacturer, and requiring a host of rigorous and time-consuming regulatory approvals. However, at every step of the process, MHCare has acted in accordance with the directions of AHS and undertaken the hard work to complete the requirements necessary to secure the medications' delivery.

There have been numerous public claims regarding this entire matter – many of them misleading, unfair and incorrect.

First, any suggestion that MHCare has been in breach of its obligations is entirely incorrect. On the contrary, our team has worked diligently with AHS, Atabay and Health Canada to fulfill the orders placed by AHS. The original order of 1.5 million units was delivered swiftly and securely. The remaining AHS order for the acetaminophen injectable has been subject to a series of regulatory processes directed by Health Canada – as detailed above. MHCare has worked tirelessly to navigate these requirements – with a host of consultants, manufacturers, regulatory experts and other technical advisors to conduct all necessary studies, complete all requested screenings and file all technical submissions. It has been a lengthy process because the process for regulatory approval for the importation of such medications is lengthy. Moreover, all payments made to MHCare have been released in full compliance with the terms of the agreement set by AHS.

Second, the claim that AHS has been uninformed about the status of the orders is also inaccurate. Formal updates were provided by MHCare to AHS and/or Alberta Health in July 2024, October 2024, and March 2025. In addition, informal discussions and interactions took place often with various AHS executives and the pharmacy team as per developments.

Third, the former CEO of AHS has alleged that the order for the children's analgesics and acetaminophen injectable was negotiated by an official who previously worked as a private-sector consultant for MHCare,

implying that he influenced the contract's awarding. This claim is demonstrably incorrect. Approval of the order was made at the AHS CEO, AHS Board and Alberta Health Ministerial level. To the best of our knowledge, the former consultant was not a decision-maker and had no role in the approval or execution of the contract.

Finally, there have been baseless assertions regarding the safety of the medications requested by AHS. These suggestions are thoroughly incorrect and dangerously misguided. The truth is that these medications are completely safe, as confirmed by health regulators, when used as directed at the recommended dose. The only instances of concern ever cited have involved improper utilization of the medications. This includes, for example, treatment of neonate patients, which is strictly contrary to printed usage directions on the medication's packaging as well as all prepared internal AHS communications. In truth, this is something no physician or clinician should even need to be advised. The consequence of all this unwarranted scaremongering is that a significant portion of the medication delivered now sits unused, at risk of expiry.

In summary, MHCare has consistently delivered on the terms of its contract with AHS, working diligently to fulfil those product orders even in the face of consistent challenge and expense. The 1.5 million units of children's analgesics were delivered safely to AHS with impressive speed, coming within weeks of the original order. And they remain safe for use. At the same time, the company has been shepherding efforts to secure the necessary regulatory approvals for the balance of medications purchased by AHS, operating in Canada, Turkey and coordinating with experts, regulators and manufacturers. Pending final regulatory approval, all remaining units will be delivered in keeping with the contractual obligations and expectations set forth by AHS.

### 3. CHARTERED SURGICAL FACILITIES (CSFs)

In order to correct the many misimpressions that have been left on this subject, it is important to clarify the ownership structures of the companies involved. A number of misleading – and sometimes outright incorrect assertions have been made in public, not the least of which is the notion that Mr. Mraiche holds an equity position in Alberta Surgical Group (ASG). He does not. He is a partial owner in the Red Deer and Lethbridge CSFs.

To further clarify, it is helpful to review chronologically.

In 2022, Alberta faced significant surgical waitlists due to the suspension of procedures during the pandemic. As one measure to help address this, the government sought to expand CSFs to safely shift procedures out of hospitals and help reduce wait times. As part of this effort, AHS issued a Request for Proposal (RFP) on September 7, 2022 for the development of CSFs in Red Deer and Lethbridge. A group under the banner of Canadian Surgical and Medical Network (CSMN) submitted a bid. This ownership group included three of ASG's principal shareholders. Mr. Mraiche had no involvement with the CSMN ownership group when it submitted its bid, just as he has never held any interest in ASG.

Competing against CSMN for the Red Deer and Lethbridge CSFs was a rival bid group, led by Medicine Place. Briefly during the fall of 2022, Mr. Mraiche and MHCare joined this bid but their participation in that consortium was withdrawn in late 2022 due to differences with the principal owner of the bid group regarding an unrelated business matter. AHS was advised via email of Mr. Mraiche's departure from the group on December 8<sup>th</sup>, 2022.

In August 2023, AHS completed its evaluation and awarded the CSF contracts to the CSMN bid group. However, prior to this point, the CSMN Group experienced a change with the departure of two of its planned partners – including the group’s principal financial investor and its operations expert. To fill the operations role, the group approached Blayne Iskiw – a former AHS employee who had begun working in the field as an independent consultant. In summer 2023 Mr. Iskiw mentioned the CSMN ownership vacancy to Mr. Mraiche, for whom he also consulted.

Mr. Mraiche expressed interest in the opportunity and agreed to join the group. New legal corporations were registered in October 2023, now known as Prairie Surgical Center. Mr. Mraiche has a 25% share of the operational entities. Once again, this ownership group is wholly separate and unrelated to ASG. Mr. Mraiche continues to have no ownership interest in ASG.

Three additional points should be made here concerning Prairie Surgical Center, which owns the Red Deer and Lethbridge CSFs.

First, because Mr. Iskiw’s name has arisen, it is worth underscoring that all conflict-of-interest requirements applying to him as a former AHS employee were thoroughly satisfied. He now holds a 12% stake in the legal entities associated with the operations of Prairie Surgical Center.

Second, the former CEO of AHS was simply incorrect in her SOC concerning this matter. For example, she stated that another former AHS employee, Jitendra Prasad, assumed a key role in negotiating the contracts with the CSFs, implying that this put him into a conflict since, during a brief time in the private sector, he had served as a consultant to an affiliate company to MHCare. This is not correct as the negotiations with the CSFs were handled directly between the AHS CPSM Senior Program Officer and CSF representatives.

Most egregiously, the former CEO of AHS suggests in her SOC that there might be an unnamed equity partner in the bid group for Red Deer and Lethbridge. Not only is this incorrect but the claim is contradicted by the registration of owners that was – and remains – publicly available. This is information she should have known before placing her claims in writing. What makes all of this even more frustrating is that this information was known to AHS, and even included in emails to its negotiation team in August 2024. Either the former CEO knew and ignored this fact in her SOC or she did not know, which raises the question of how could she have been unaware of an issue so important that she herself highlighted it in her court pleadings.

A final issue concerning the CSFs also emerges from misleading claims contained in the SOC of the former AHS CEO. In that document, she suggests the Red Deer and Lethbridge CSFs proposed to overcharge for key surgical procedures. Again, this is verifiably untrue and, even more astonishingly, contradicted by the former CEO herself in writing.

The foundation for this suggestion of overcharging arises from an unflattering comparison to proposed rates from another CSF group. However, that group was only able to offer procedures to AHS at below-standard rates because it subsidizes such procedures with the premium rates it charges for the private surgeries it conducts at the same facilities with the same staff and resources. This must have been known to the former AHS CEO when she cited such figures in her SOC, which have, in turn, been repeated widely by the media. Lastly, in its statement of defence (SOD) against the allegations of the former AHS CEO, the Government of Alberta points out that her rates fail to incorporate depreciation of assets in government owned hospitals, amongst other real costs – further

distorting the quote comparisons.

The guiding principle behind CSF pricing is clear: procedures must be offered at comparative rates to those borne by AHS. This is how the public interest is protected and the policy is able to shorten wait times while still ensuring cost efficiency. The rates proposed by the Red Deer and Lethbridge centers are not only comparative, but below the rates found in Alberta's hospitals. Moreover, they compare favourably to costs as determined by Canadian Institutions of Health Research (CIHR) in jurisdictions right across the country. Lastly, it should be noted that frequent references to this issue in the media, stemming from the former AHS CEO's SOC, consistently cite ASG, thereby improperly linking Mr. Mraiche to a CSF with which he has no relationship.

In her SOC, the former AHS CEO claims that she was so alarmed by these rates that she intervened during the summer of 2024, further insisting that she had not previously been aware of the state of the pending contracts. However, the record shows that she was directly involved in discussions as early as April of 2024, when she personally authorized a commitment letter to the bid group of which Mr. Mraiche was a part. That agreement included specified rates that the former CEO later claimed she only learned months later. Her latter statements directly contradict her earlier actions. As AHS CEO she must know, or ought to have known, what the standard rates for hospital procedures were and that the rates offered by the CSFs were competitive. It is hard to comprehend why she would claim otherwise. Further to that point, if she truly claims to not have known until July 2024, as AHS CEO, she must explain why this assertion is clearly contradicted by her own signature on the April agreement.

All of this confusion and misinformation has created endless media coverage, unleashed charged political allegations and caused measurable harm to Mr. Mraiche's reputation. Much of that has been driven by these incorrect statements of fact from the former AHS CEO – including claims that she should have known to be incorrect.

#### 4. THE SALE OF 14425 – 124 AVENUE NW

We would like to bring to your attention another issue that has been misrepresented in the media: the Alberta government's purchase of 14425 – 124 Avenue NW in Edmonton in July 2024. In late 2023, a potential partner approached those responsible for Mr. Mraiche's real estate holding company with a proposed joint venture that would require significant warehouse space in the west/north portion of Edmonton. A suitable property at 14425 – 124 Avenue NW was identified and the purchase was completed after a closed bid process for \$1,700,000. We understand that Alberta Infrastructure was an unsuccessful bidder in the same process.

The property included a paid parking lot operated under a lease agreement by Alberta Infrastructure. Upon taking control of the property, it was discovered that lease payments for the parking lot were still being sent in error to the previous owner. In order to remedy this oversight, legal counsel contacted an official at Alberta Infrastructure and the matter was resolved. In the course of these discussions, Alberta Infrastructure inquired as to whether the company would be willing to have a conversation about selling the newly acquired property.

Having just acquired the property, there had been no thought of becoming a seller but, with the expression of interest from Alberta Infrastructure, the company consulted its real estate broker and gave instructions to explore the option while also gauging whether there might be other interested buyers. This inclination was furthered when

it became apparent that the prospective joint venture that had originally prompted the purchase was not going to proceed.

The broker then solicited several qualified parties to determine interest in addition to Alberta Infrastructure. One party made a formal offer to purchase at a price of \$1,850,000, that was subsequently increased to \$1,950,000. Alberta Infrastructure then expressed its desire to surpass that bid and tabled an offer of \$2,000,000 which was accepted. Its offer also included a shorter closing period, which was appealing due to the high carrying costs attached to the property.

As you can appreciate, this transaction was a standard real estate offer in which the broker engaged with interested clients, leading to a typical sale and closing.

## 5. GOVERNMENT RELATIONS

Media and Opposition critics have consistently suggested that Mr. Mraiche is a ‘government insider’ with close partisan political connections to the governing UCP party. The implication is that MHCare somehow benefits from procurement as a consequence of these relationships rather than the quality of its efforts and ability to deliver on its contractual obligations. All of this is untrue and a plainly unfair characterization.

First, Mr. Mraiche’s business dealings, as a supplier to AHS, began at the outset of the pandemic. All business activity – bidding on contracts, negotiating agreements, fulfilling purchase orders – occurred with unelected, public service officials at AHS. At no time has Mr. Mraiche ever engaged in contract discussions with elected members of the government – or their staff - in order to seek or manage any of these business dealings. All procurements have occurred through established public service channels and in accordance with all applicable rules and regulations.

Second, Mr. Mraiche is not a partisan, and certainly, is not a ‘UCP insider.’ In fact, the only provincial political donations he has ever made went to the Alberta NDP. Well before the pandemic, he was on familiar terms with former NDP Premier, Rachel Notley, even though he had no business relations with the Government of Alberta at that time. Later, during the early stages of the pandemic when MHCare responded to AHS’s calls for support, Jason Kenney was premier – someone with whom Mr. Mraiche has never had any relationship. In fact, during this period, Mr. Mraiche had far more contact with the office of NDP Leader Rachel Notley, even to the extent that members of her staff sent messages to Mr. Mraiche encouraging and applauding his pandemic-era work.

The unspectacular truth is that Mr. Mraiche’s interactions with government, those in elected office and senior staff fit entirely within the established parameters of typical government relations for the CEO of a commercial entity.

For example, much has been made of the fact that Mr. Mraiche has been at events with elected officials including the premier. This is true, just as it is true for a wide range of corporations and organizations who engage as a matter of standard business practice in government relations. It is also true that all of these functions fit wholly within established guidelines as dealings with public office holders. Despite the innuendo and implication, no specific suggestion has ever been made of a breach of these rules by MHCare or Mr. Mraiche – for the simple reason that none has occurred.

Finally, one specific allegation contained in, among other places, the SOC of the former AHS CEO suggests that Mr. Mraiche was particularly close to Premier Smith's former Chief of Staff – and that this somehow played a role in the awarding of AHS contracts. This is verifiably untrue. Despite insinuations otherwise, Mr. Mraiche had never even spoken with Premier Smith's former Chief of Staff prior to late December 2022 - well after the major procurements with AHS had been undertaken. The focus of that interaction, incidentally, related to the status of Health Canada regulatory approvals which MHCare was managing in relation to its efforts for AHS.

## CONCLUSION

Due to the extensive misinformation circulating in public and the false allegations made by the former CEO of AHS, allegations in the Legislature, and incorrect reports in media, MHCare felt compelled to set the record straight. MHCare takes the integrity of their company with the utmost seriousness and could not remain silent while being unfairly attacked. A heavy accumulation of misleading statements do not add up to a truth. They simply amount to a large amount of misinformation – and a great deal of harm to the reputation of MHCare, its CEO and all others wrongly tainted by such claims.

It is our hope this information will support your efforts to reassure the public that MHCare has acted appropriately and properly in all these matters. You may also wish to know that we have reached out to the Office of the Auditor General to indicate our willingness to participate in their review. We would be happy to discuss these matters further at your convenience.

Thank you.

MHCare Medical Corporation