

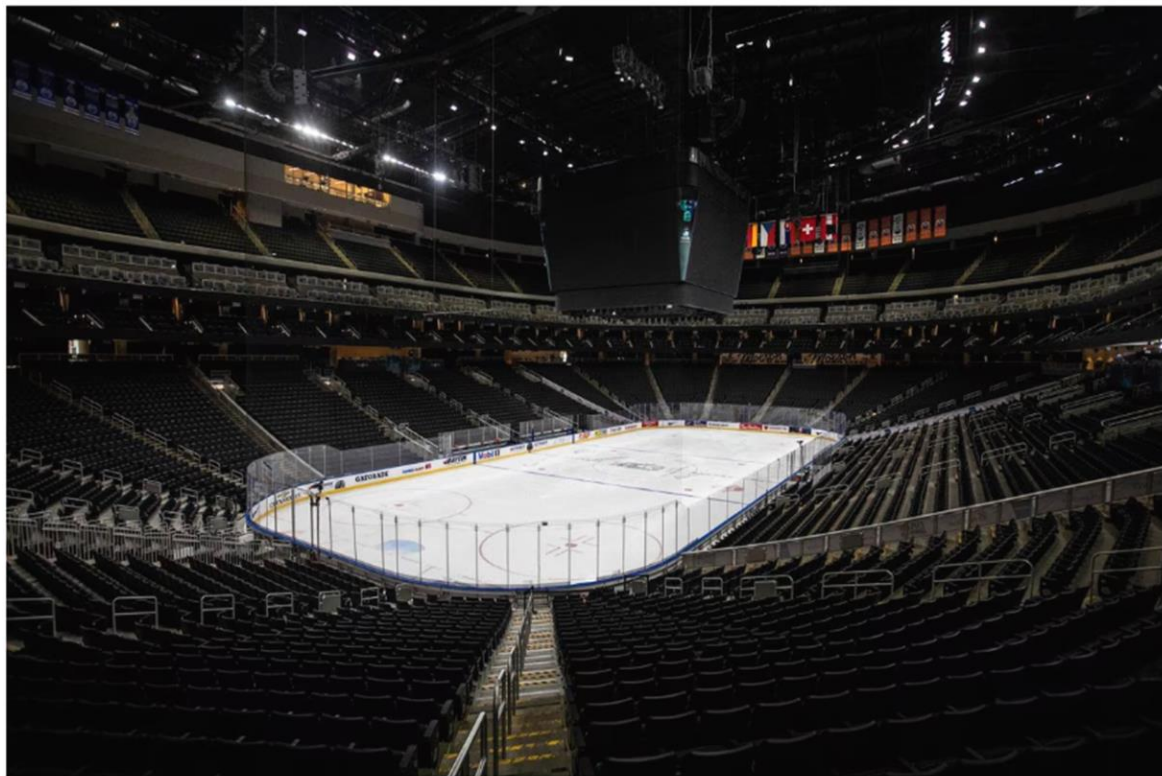
INVESTIGATION

How Hockey Canada used registration fees to build a fund to cover sexual-assault claims

Special multimillion-dollar fund financed by registration fees of players across the country used to settle abuse claims with minimal outside scrutiny

[GRANT ROBERTSON](#)

PUBLISHED JULY 19, 2022 UPDATED DECEMBER 30, 2022



Rogers Place arena sits empty after the cancellation of the IIHF World Junior Hockey Championship in Edmonton on Dec. 29, 2021.

JASON FRANSON/THE CANADIAN PRESS

More • [Grant Robertson on The Decibel](#) • [Backstory: Investigating Hockey Canada](#)

[Hockey Canada](#) keeps a special multimillion-dollar fund, which is fed by the registration fees of players across the country, that it uses to pay out settlements in cases of alleged sexual assault without its insurance company, and with minimal outside scrutiny.

This reserve fund has exceeded \$15-million in recent years, a Globe and Mail investigation has found. Details of how it operates are not disclosed in Hockey Canada's annual report. Nor is it listed in the organization's handbook for parents and players, which describes how registration fees are spent on Hockey Canada insurance coverage, even though some of that money is channelled into the fund.

The money is used at Hockey Canada's discretion and can be deployed to write cheques to cover out-of-court settlements for a variety of claims, including allegations of sexual assault, that are deemed uninsurable or are settled without the participation of its insurer.

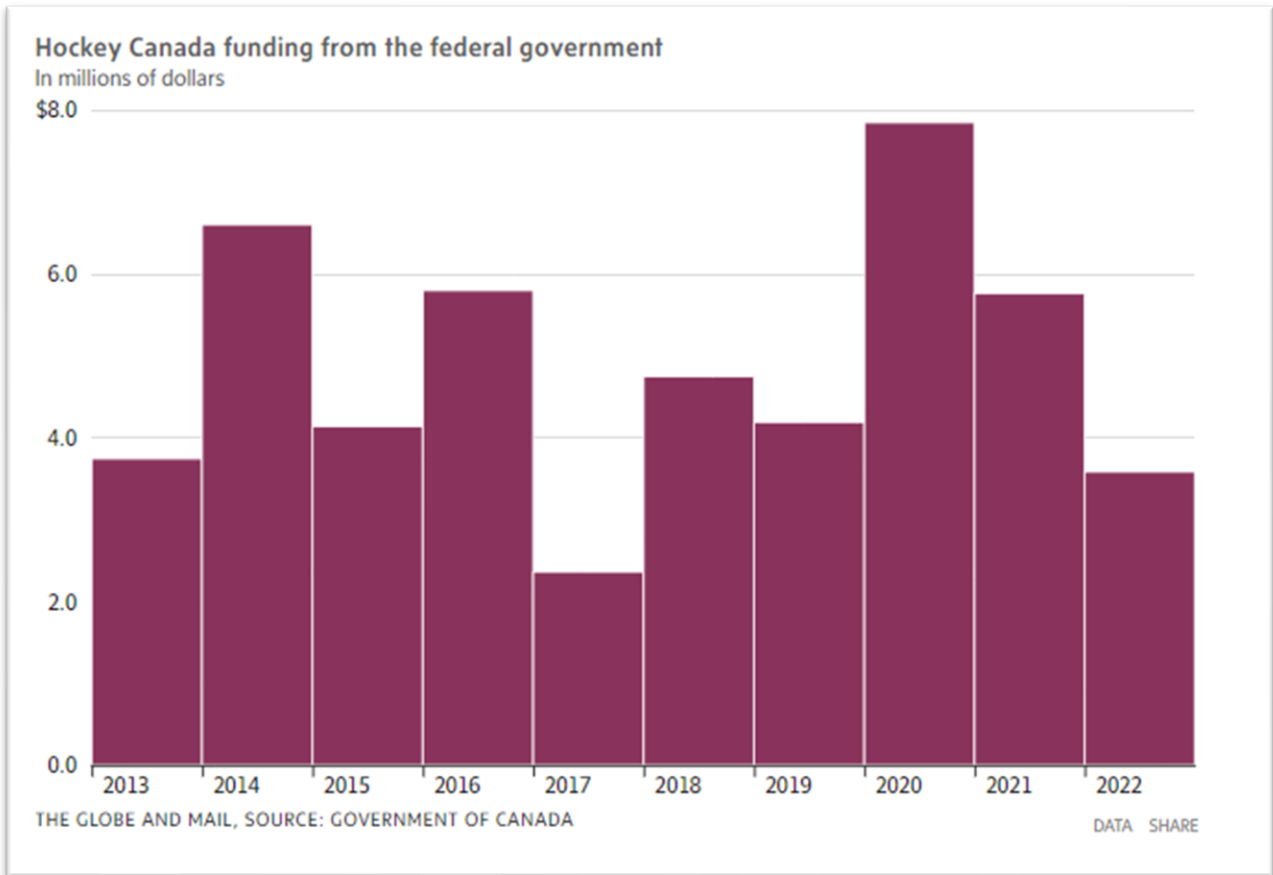
The existence of the fund raises new questions about how Hockey Canada handles allegations of sexual assault at a time when it has been accused by federal MPs of trying to sweep an alleged sexual assault by eight Canadian Hockey League players, including members of the 2018 Canadian World Junior team, under the rug without conducting a full investigation.

Recent statements by Hockey Canada, which has acknowledged it handles multiple sexual assault allegations a year, also raise questions about how much the organization is spending internally to settle complaints without going to court.

At Parliamentary hearings in Ottawa last month, Hockey Canada CEO Scott Smith said the organization settled a \$3.55-million lawsuit over the 2018 rape allegations in May for an undisclosed sum. The settlement was reached with the alleged victim, although Hockey Canada said it could not determine what transpired or which players were involved.

Mr. Smith also revealed that Hockey Canada has dealt with an average of one to two sexual assault cases a year for the past six years.

During the hearings, MPs wanted to know if any government funding was used in the settlement. Hockey Canada gets 6 per cent of its annual budget from Ottawa, and has received about \$48-million worth of public money in the past 10 years. Mr. Smith said only internal funds were used.



“We liquidated a portion of our investments to pay for the settlement,” Mr. Smith said.

The funds came from “a separate account, apart from our government funding, our business development and sponsorship funding, our ticket revenues, our merchandising, etc.,” he said.

Mr. Smith gave no further details.

Though Hockey Canada hasn’t said specifically where the money for the settlement came from, the reserve fund it uses to cover alleged sexual assault cases is also an investment account. The Globe obtained a copy of Hockey Canada’s 2015 audited financial statements, which detail the growth of the fund and its investment returns.

In addition to being fed by annual player registration fees, it also earns more than \$1-million from investment gains and interest in some years. Evidence of the fund not only shows up in Hockey Canada’s private audited financial statements, but also in court documents filed last year as part of the organization’s defence of an injury lawsuit.

In a sworn affidavit from that case, which Hockey Canada has tried to have removed from the court record, a senior executive described the types of coverage the organization carries for injuries and other potential liabilities. On the topic of alleged

sexual assault, the executive indicated Hockey Canada also keeps a reserve fund to deal with cases on its own, in addition to carrying insurance.

A portion of player registration fees goes “to sustain the reserve to cover potential uninsured liabilities of Hockey Canada,” said Glen McCurdie, who was Hockey Canada’s senior vice-president of insurance and risk management at the time.

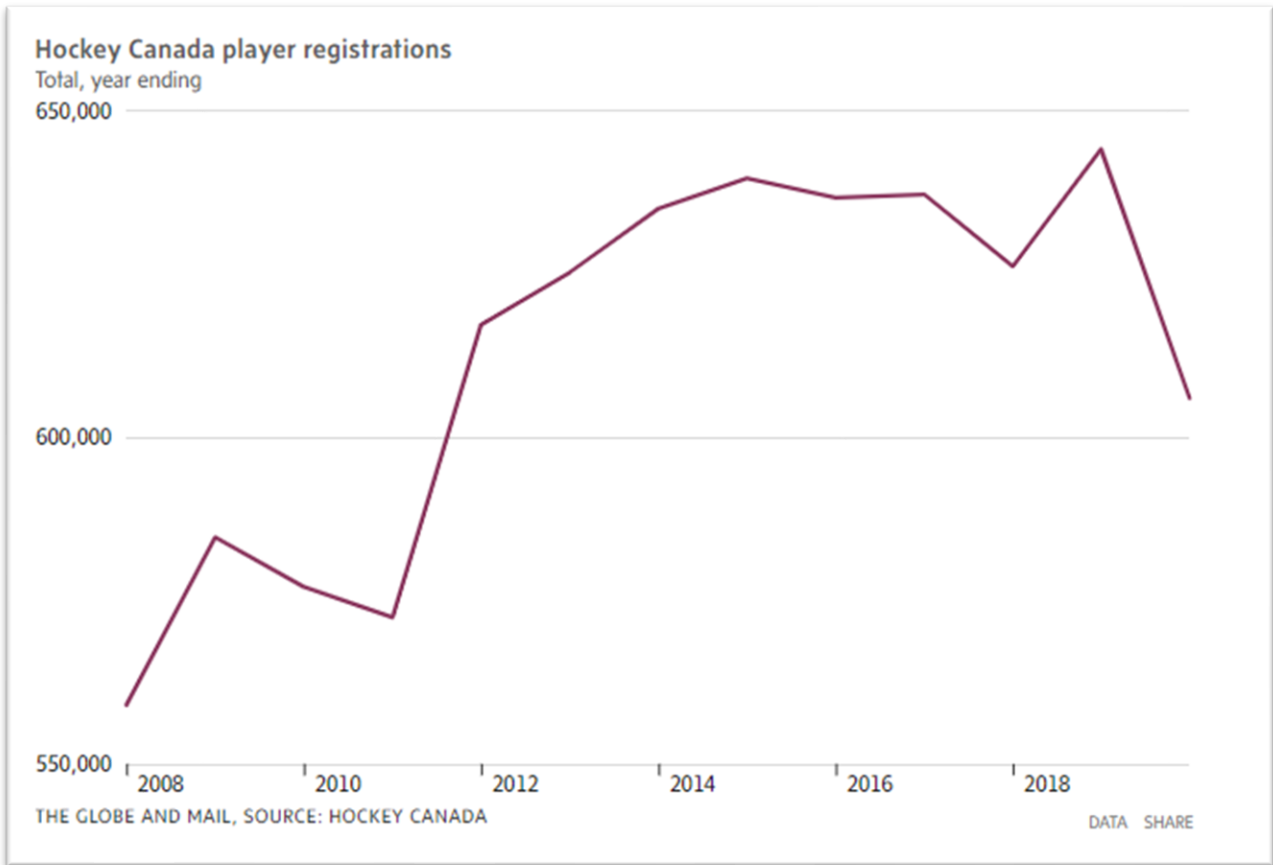
“The uninsured liabilities include potential claims of historical sexual abuse. Hockey Canada maintains a reserve in a segregated account to pay for any such liabilities as they arise.”

Although Mr. McCurdie didn’t give its name, the account is known internally as the National Equity Fund.

When The Globe later cited the McCurdie affidavit to Hockey Canada, the organization confirmed the reserve fund’s existence, but provided only limited details on its operation.

“The organization maintains a national equity fund which may be used in the event of any claims or judgements made against the organization that are not otherwise covered by insurance policies,” Hockey Canada spokesman Spencer Sharkey said in an e-mail.

As part of its registration fees, Hockey Canada collects \$23.80 per person for insurance, emergency medical coverage, administration and operations costs, from each of the more than 600,000 players who sign up each year.



A portion of those fees are channelled into the reserve fund – although the exact amount is unclear.

Hockey Canada did not respond to questions seeking information on how much each registrant pays into the fund, or how long it has existed.

Based on Hockey Canada’s limited response, it is unclear why some alleged sexual assault cases launched against the organization would be deemed uninsurable – or would necessitate payouts without an investigation by its insurance company.

What is evident is that the reserve fund available to settle sexual assault claims is considerable.

Documents filed in the same court case show the National Equity Fund had a balance of \$5.5-million in 2013, \$7.3-million in 2014, and \$5.2-million in 2015. By 2016, it had grown to \$15.6-million, the most recent year cited.

“Hockey Canada regularly used these funds to settle sexual abuse claims made against Hockey Canada, its officers and directors, former coaches or volunteers,” say the documents, which were filed by lawyers representing the plaintiff in the injury case.

“Effectively Hockey Canada has used these funds to fully indemnify itself and the alleged sexual abusers.”

Even if only a few dollars from each hockey registrant across Canada were diverted into the fund annually, it would amount to more than a million dollars each year.

Hockey Canada’s 2015 audited financial statements obtained by The Globe contain references to the National Equity Fund.

Hockey Canada appears to have collected \$8.4-million from player registration fees for insurance that year, and spent \$6.15-million on premiums, leaving a surplus of about \$2.25-million in a single year to potentially be directed into the fund. The National Equity Fund also reported \$1.02-million worth of investment income from an accumulated balance that has been invested in stocks, bonds and other financial instruments.

A portion of player registration fees from all age groups – from beginner Timbits Hockey to adult recreational leagues – flows into this reserve fund, but there is no evidence Hockey Canada tells parents and players the purpose of that money.

[Explainer: Hockey Canada faces revolt over its handling of sexual assault allegations. Here’s what to know](#)

Told by The Globe about the link between registration fees and sexual assault settlements, MPs on the parliamentary committee investigating Hockey Canada called it unacceptable.

“I’m a hockey dad, to think that I, like thousands of parents, are paying hockey registration fees each year, and then potentially some of it is going to pay settlements in lawsuits, I think that is pretty galling for a lot of parents,” Conservative MP John Nater said.

“If that’s where this has been going, that’s a concern.”

‘Only genuine claims are reimbursed’

The alleged sexual assault case from 2018 has shaken the hockey world. Not only because of the stunning nature of the claims, which have not been tested in court, but also how it was handled by Hockey Canada.

What stands out regarding the settlement is how quickly it was reached.

According to the statement of claim, several hockey players who were in London, Ont., on June 18, 2018, for an event honouring Canada’s 2018 World Junior Team later went to a bar where they met a woman and bought her drinks.

The woman, who is listed as E.M. in the documents, says she became separated from her friends and grew intoxicated. She later went to a nearby hotel room with one of the players and, the claim states, the two began to engage in sexual acts before the player invited several others into the room without her consent.

The claim alleges that over the next several hours, players forced her to have sex and performed other acts “which collectively constituted sexual abuse and assault.”

Lawyers representing several unnamed players say they deny any wrongdoing and the sexual activity was consensual.

The lawsuit also turned its focus to Hockey Canada, accusing the organization of allowing a culture of sexual abuse to flourish in its ranks. The claim alleges the organization “perpetuated a toxic environment that condones violent and sexualized conduct, including sexual assault.” And by ignoring these problems, it allowed its employees, coaches and players to act with immunity and without fear of reprisal, the documents say.

At the hearings in Ottawa, Mr. Smith and former Hockey Canada chief executive officer Tom Renney, who retired last month, said Hockey Canada attempted to investigate the incident.

[Mason: A junior hockey sexual assault scandal that should sicken us all](#)

[Mason: The important moral question Hockey Canada sponsors now face](#)

[Kelly: We need to blow up Hockey Canada, but not just because of a single scandal](#)

However, Mr. Smith and Mr. Renney appeared unable to answer simple questions about how many players had co-operated with the investigation, and said Hockey Canada itself could not determine who was involved, and that no players had been suspended from playing for Canada in the future.

“It is shocking to me that Hockey Canada would come to a parliamentary hearing so absolutely unaware that those are completely unacceptable answers,” New Democrat MP Peter Julien said in an interview.

“What Hockey Canada proved, certainly in this particular case, is that there was no meaningful attempt to address the serious allegations in any way, and no consequences for anyone involved.”

Hockey Canada’s description of what it did immediately after learning about the alleged sexual assaults in 2018 raised further questions about its handling of the case.

Upon being told of the incident the next morning, Mr. Smith and Mr. Renney said they left a Hockey Canada golf tournament and boarded a plane to Calgary, where the organization is based.

Hockey Canada then held an internal meeting to discuss the situation with other executives, including Mr. McCurdie, the senior vice-president of risk management and insurance. They contacted Hockey Canada's lawyers, and then reported the alleged assault to their insurer.

It wasn't until much later that day, sometime after 6 p.m. in Ontario, that Hockey Canada told London Police about the alleged assault, even though they had learned of it early that morning.

The fact that one of Hockey Canada's first calls was to its insurer, rather than the police, has drawn criticism. The speed with which it settled the claim this year, after being served with the statement of claim, has also raised questions.

Hockey Canada told the federal hearing it learned of the woman's lawsuit on May 3 this year, and settled it soon after, although neither Mr. Smith or Mr. Renney gave a date.

Minister of Sport Pascale St-Onge told the hearing she received a call from Mr. Renney on May 24, telling her that a settlement had been reached in a sexual assault case involving Team Canada players and that TSN would be reporting on it in a matter of days.

Based on that timeline, it took three weeks or less between the date Hockey Canada learned of the lawsuit until the day it cut a cheque on behalf of itself and each of the eight unidentified players.

Asked at the hearings why the organization moved so quickly to settle, despite apparently not being able to ascertain facts about the case, Mr. Renney said they believed it was best for the victim.

"We settled the claim quickly because we felt a moral obligation to respond to the alleged behaviour that occurred at one of our events by players who attended at our invitation," Mr. Renney said.

"We don't know exactly what occurred that night or the identities of those involved, we recognize that the conduct was unacceptable and incompatible with Hockey Canada's values and expectations, and that it clearly caused harm," he said.

"We felt that the right response to the woman's legal request was one that did not require her to participate in a prolonged court proceeding. The settlement enables her to seek whatever support she might require as she tries to move past this incident."

Not everyone is satisfied with that answer.

"No company that I can imagine would have done what Hockey Canada did here. ... I've never heard of a business that settled the case without being aware of the underlying facts," said Liberal MP Anthony Housefather, who was a corporate lawyer before getting into politics.

“And they settled not only on their own behalf, and on behalf of the Canadian Hockey Association, but on behalf of eight unknown John Doe players. And I’ve never heard of something like that. Who would settle such a case?”

Despite involving its insurance company early on, Hockey Canada instead moved to settle the claim by dipping into its own financial reserves.

“Insurance would never settle a claim with zero facts,” Mr. Housefather said.

“Once they turned the claim over to the insurers, then the insurers would be responsible for the defence and indemnification. And once the insurer is responsible for the defence, the insurer is going to be having to get access to everything. And it’s going to do its own investigation, which Hockey Canada can’t control.”

Instead, Hockey Canada settled the case in three weeks, selling assets, as Mr. Smith said, rather than running it through its insurance company.

“You would think that when you’re spending millions of dollars a year on insurance to cover this type of lawsuit, the fact that insurance wasn’t employed, very much raises a question mark,” Mr. Nater said in an interview.

“Typically you don’t pay out simply because of a moral obligation on behalf of unknown individuals within an organization. There’s usually more to it than simply doing it as a good gesture.”

In addition to obtaining audited financial statements, The Globe has examined several of Hockey Canada’s insurance policies, along with the information it provides hockey players and parents on how claims are handled.

Hockey Canada makes a point of stating in documents that it does not pay out frivolous claims.

In its handbook made available to parents and players, which is called “Safety Requires Teamwork,” the organization says it has ample coverage, including up to \$20-million for a single liability in the event of a serious injury claim.

The manual also says Hockey Canada’s insurance policies have strict control mechanisms to thoroughly investigate any claims against its policies – “so that only genuine claims are reimbursed.”

By its own assertion, the involvement of Hockey Canada’s insurance company in the settlement of the alleged gang rape lawsuit would have required a rigorous investigation into the allegations. Otherwise, no such settlement could be reached.

But the National Equity Fund appears to have no such controls. It can pay out at Hockey Canada’s discretion, with no outside scrutiny and no further investigation, since it is controlled by the organization itself.

Not all cases are settled so quickly

To understand how unusual the settlement in the case of alleged sexual assault is, it helps to look at how Hockey Canada approaches other lawsuits.

In 2014, Neil Doef was a 17-year-old forward with dreams of playing professionally. After putting up 45 points in 34 games with the Smiths Falls Bears in Ontario, he was invited to play for Canada in the World Junior A Challenge that December.

For Mr. Doef, it was a chance to play international hockey and be seen by National Hockey League scouts.

But during a game against Switzerland, Mr. Doef was hit and fell headfirst into the boards. The collision crushed a vertebra, leaving him partly paralyzed in one leg.

Struggling with the injury and facing the prospect of significant costs for the rest of his life, Mr. Doef sought coverage from Hockey Canada's insurance programs, which he paid for with his registration fees.

But Hockey Canada fought back.

Hockey Canada's accidental death and dismemberment (AD&D) policy purported to provide a \$1-million paralysis benefit, in addition to \$30,000 of coverage for the "loss of the use of one leg."

Mr. Doef sought coverage from both, backed by the opinion of his doctors who verified that he had suffered paralysis and may never fully recover, even if he regained some motion in the leg through intensive rehabilitation.

Hockey Canada and its insurance company disagreed, saying in 2015 that Mr. Doef was only entitled to the \$30,000 benefit for the lost use of one leg. They wouldn't pay out further.

After failing to reach a settlement, Mr. Doef is suing the organization and its insurance company for \$6.5-million, claiming that Hockey Canada's insurance did not offer enough coverage for an injury such as his, and that his costs from the injury – from rehabilitation to future living expenses – will reach into the millions of dollars, greatly exceeding the \$30,000 he was deemed eligible to claim.

"This case could have been settled years ago," Mr. Doef's lawyer, Thomas Conway, said in documents filed with the case.

Instead, it has dragged on for more than seven years.

It was during the discovery process in Mr. Doef's case that Mr. McCurdie, Hockey Canada's executive in charge of insurance at the time, gave his affidavit. As he detailed how extensive the organization's coverage was, Mr. McCurdie said Hockey Canada

carried comprehensive insurance for all sorts of liabilities, including injuries, and potential sexual assault claims.

According to the affidavit, Hockey Canada didn't merely protect itself from liability in alleged sexual assault cases through its standard insurance policies – it also operated a special fund to cover potential uninsured liabilities. Those were claims that wouldn't be handled by the standard insurance process.

As part of his statement, Mr. McCurdie broke down the annual membership fees a hockey player would have paid in 2014 that went toward insurance. Back then, the total fee was \$16.15, which included \$8.90 for Hockey Canada's general liability coverage, \$2.50 for AD&D, and \$1.25 for emergency health and dental benefits. He did not say where the remaining \$3.50 went, but acknowledged there were costs associated with administration and risk management.

According to information Hockey Canada provided to The Globe last week after being asked about the McCurdie affidavit, the organization now charges a fee of \$23.80 per player in 2022. That includes \$8.90 for general liability insurance, \$2 for directors and officers coverage, \$5.15 for AD&D premiums, \$2 for emergency medical and dental, and \$2.75 for administration costs. As well, Hockey Canada now charges a \$3 assessment fee per player, which funds general operations.

These fees help feed the reserve fund for sexual assault, but with minimal disclosure on where each dollar goes.

As Mr. McCurdie put it: "Every dollar spent by Hockey Canada on insurance is paid for by the participants through their annual fees."

Mr. McCurdie was never cross-examined about his affidavit, even though lawyers would have liked to learn more about the special fund and how it is deployed.

The day before he was to be questioned, Hockey Canada informed the court that Mr. McCurdie was taking a leave of absence. Soon after, he left the organization, retiring in December after overseeing its insurance programs since 1988. Mr. McCurdie was scheduled to testify at the federal hearings last month, but did not appear due to the death of his father, Mr. Renney said.

Hockey Canada sought to have his affidavit deleted from the court record, and replaced by a new document sworn by different executives. The judge, citing unnecessary delays in the already protracted court battle, denied the request.

Mr. Doef's lawyer questions how forthcoming Hockey Canada is being about such funds.

"Hockey Canada receives funding from various sources, including the federal government and from its members, who pay a fixed amount each year to participate in Hockey Canada's insurance program," Mr. Conway said. "Because it is a not-for-profit

corporation, it has no obligation to the public or to its members to account for how it uses the money after it is received or collected.”

More than seven years after being injured, Mr. Doef is still having to fight in court for the coverage he and his lawyers say hockey players are entitled to, with Mr. Doef's medical records being heavily scrutinized.

However, three weeks after being served with a statement of claim alleging gang rape by members of a prominent national team, Hockey Canada settled with the claimant. It also settled on behalf of the eight unnamed players, in a situation that was never fully investigated, nor subjected to the scrutiny of an insurance company.

The disparity between those two lawsuits is not lost on Mr. Conway.

“There is something seriously amiss when Hockey Canada leaps to compensate an alleged victim of sexual assault perpetrated by its members ... but does nothing to compensate a victim of an on-ice disaster, who faces a lifetime of physical and financial challenges,” Mr. Conway said.

“In the one case, the victim is compensated out of funds that Hockey Canada sets aside for victims of sexual assault at the hands of its members, coaches or other officials; in the other case, Hockey Canada vigorously defends a lawsuit for seven years and offers no compensation.”

Why the different approaches? Mr. Conway has his opinion.

“The only answer is simple and obvious. The primary motivation of Hockey Canada is not to compensate those injured as a result of its activities, but rather to insulate itself, its officers and directors from civil liability.”

Hockey Canada did not answer questions from The Globe about why the fund is necessary, particularly if the organization already carries insurance for sexual assault. Nor did it respond to a question about whether Hockey Canada makes an effort to disclose the fund.

Last week, under pressure following its testimony at the federal hearings, Hockey Canada announced it is reopening its investigation into the sexual assaults.

“We have heard from Canadians, players, their families, fans, sponsors and those impacted by what occurred in 2018. We know you are angry and disappointed in Hockey Canada – rightfully so,” the organization said in a statement it called an Open Letter to Canadians.

“We know we have not done enough to address the actions of some members of the 2018 national junior team or to end the culture of toxic behaviour within our game.”



The Decibel
Outrage over Hockey Canada's fund to settl...

00:00 21:25

1X

PRIVACY SHARE SUBSCRIBE

Our Morning Update and Evening Update newsletters are written by Globe editors, giving you a concise summary of the day's most important headlines. [Sign up today.](#)

Your Globe

Build your personal news feed
[More info](#)

Follow the author of this article:



[GRANT ROBERTSON](#)
FOLLOW