

Inside 'Project Camouflage,' a Bay Street sting that went bust

TIM KILADZE >

PUBLISHED 5 HOURS AGO

2 COMMENTS SHARE TEXT SIZE BOOKMARK



00:00

Voice

1x



The founder and managing partner of Toronto-based private equity firm Catalyst Capital Group Inc. personally devised a bonus scheme to reward an Israeli private investigation firm that launched a sting designed to discredit a retired Ontario judge, according to court filings.

The same private investigation firm, Black Cube, which is composed of former members of the Israel Defense Forces (IDF) and the Mossad, Israel's national intelligence agency, also planned a second sting on the judge even though one of Catalyst's lawyers had told the firm to halt its covert operations in Canada, according to the court documents.

The thousands of pages of new court filings stem from lawsuits and countersuits between Catalyst and West Face Capital Inc., a Toronto-based hedge fund. The court cases tie back to a dispute over the sale of Wind Mobile in 2014, and the broad contours of Black Cube's covert methods have already been made public.

However, the trove of documents adds new detail about the extent of Black Cube's operations and raises questions about how much Catalyst and its founder, Newton Glassman, knew.

One of Mr. Glassman's goals, the filings suggest, was to obtain evidence of anti-Semitism or bias against him and his firm by Justice Frank Newbould, who ruled against Catalyst in 2016 in its dispute with West Face and a former employee. If such bias could be proven, it was thought the judge's ruling might be thrown out or the case could be re-heard.

But Mr. Glassman needed help digging up evidence. So, through an intermediary, he hired Black Cube.

Prior court filings have alleged Catalyst was willing to pay up to US\$11-million for certain intelligence on a range of issues, including evidence about the judge and information pertaining to a group of investors and journalists, among others, who Mr. Glassman believed were working together to harm one of Catalyst's investments. Mr. Glassman refers to some members of this group as the Wolfpack conspirators.

Until now, it wasn't clear how the Black Cube contract was structured, and why it called for payments "up to" US\$11-million. The new court filings reviewed by The Globe and Mail show Mr. Glassman personally devised a bonus fee schedule for a "wish list of evidence" to be obtained, and drafted the list in his own handwriting. The rewards ranged from US\$20,000 to US\$500,000 per item.

For intel about Justice Newbould, who retired from the Ontario Superior Court in June, 2017, Mr. Glassman was willing to pay US\$75,000 for each piece of evidence. The bonus scheme was attached to the letter of engagement Catalyst signed with Black Cube in September, 2017.

The filings also allege Black Cube planned a second sting on Justice Newbould two days after lawyer Brian Greenspan, who Catalyst hired as an adviser, told the Israeli firm to halt its covert operations in Canada.

Mr. Glassman has long maintained he never knew the extent to which Black Cube would go, particularly with the sting on Justice Newbould. Catalyst is currently suing Black Cube, alleging the operatives did not undertake their investigations in a professional manner, and instead acted recklessly and negligently.

However, West Face alleges Mr. Glassman was not only aware of Black Cube's covert operations, but even pitched the second sting on Justice Newbould himself. The court battle between West Face and Catalyst began when Catalyst sued West Face in 2016 after West Face hired an analyst from Mr. Glassman's firm and then prevailed in a takeover battle for Wind.

In May, West Face filed transcripts of text messages in court, allegedly between Black Cube operatives, as well as between Black Cube operatives and the intermediary who hired them. The transcripts alleged that on Sept. 27, 2017, nine days after the first sting on Justice Newbould, two different people shared the same message proposing a second sting on the judge. That operation was designed to target a member of the Rosedale Golf Club in Toronto, as well as an associate golf professional there.

One of the messages was from the intermediary who hired Black Cube, Yossi Tanuri. After writing out the sting proposal, he added a follow-up message that stated, "From the customer."

During a cross-examination in early May, Mr. Glassman was asked about the exchange, but he said he could not recall the details. "It is an e-mail that [Mr.] Tanuri is alleging is from me. It may have summarized a conversation I had with him. I don't remember," Mr. Glassman said.

In the same cross-examination, Mr. Glassman was asked whether he ever attended a presentation where private investigators laid out targets at the Rosedale Golf Club who were associated with Justice Newbould. He replied: "Not to my memory. It doesn't mean that my memory is perfect, but I am a little bit gob-smacked. I don't remember this."

Mr. Glassman then added: "But that doesn't mean my memory is perfect either. You have shaken me enough that I am like, I don't remember."

In response to questions from The Globe, David Moore, Mr. Glassman's lawyer, wrote: "There is no evidence that anything was ever done to proceed with any so-called second Newbould sting and it is clear that no such 'sting' ever occurred."

A judge has yet to rule on the matter, which is tied to several lawsuits that Catalyst and West Face have filed against each other. The oral arguments that brought the latest Black Cube allegations to light were made three weeks ago.

The filings offer a rare window into just how far Black Cube went to unearth evidence, including doing surveillance on Justice Newbould and following him to places such as a dry cleaner.

The court documents also allege that Black Cube moved at a blistering pace for Project Camouflage, the code name for the Catalyst operation. In the span of one week in early September, 2017, Black Cube set up 14 fake profiles (referred to internally as "infrastructures"), made initial contact with 26 targets using the fake profiles, met with six targets and recorded 16 hours worth of material.

Mr. Glassman met with Black Cube operatives in London on Sept. 6, 2017, according to the court documents, and the following day the Israeli firm sent a letter of engagement to an intermediary who then forwarded it to Mr. Greenspan. At the

time, final details were still being negotiated, so the proposed contract was priced at US\$1.5-million, plus a success fee if certain intelligence was gathered.

Mr. Greenspan reviewed the document and replied via e-mail: “Seems acceptable although vague in its description of services or goals to be achieved.” The final contract was signed on Sept. 11, and it included Mr. Glassman’s handwritten bonus scheme.

The very next day, Black Cube hired a private investigator in Toronto, K. Wruck & Associates, to do surveillance on Justice Newbould and filed a report. The investigators followed him from his house in the morning to the dry cleaner, then to his office on Bay Street. They tried to monitor him at lunchtime but couldn’t, and then tried to follow him home at the end of the day, but lost him in traffic.

The sting operation ramped up on Sept. 13 when Black Cube created a fake profile to contact Justice Newbould, who by then had retired from the bench and was working at the law firm Thornton Grout Finnigan LLP. The agent claimed to be a U.K.-based management consultant and one of his clients was allegedly a Canadian industrial company that had an intellectual property issue, so it was considering hiring Justice Newbould as an adviser.

Around this time, a second covert operation was put in motion. According to the new filings, Mr. Glassman flew to New York for a meeting with Psy Group on Sept. 14, which was a competitor to Black Cube and also employed former members of the Mossad and the intelligence branch of the IDF.

The meeting was also attended by a public relations consultant named Phil Elwood, who filed an affidavit that stated he started working with the firm in 2016 and was hired to bring in new clients. Mr. Elwood said his payments were made via direct deposit from a company called IOCO Ltd., located in Cyprus.

During the meeting, Royi Burstien, who ran Psy Group, outlined the proposed operation, dubbed Project Maple Tree, which would be a two-pronged campaign, according to the affidavit.

The “white” portion, which Mr. Elwood was to assist with, would “generate positive publicity in the mainstream media for Catalyst and Glassman, such as touting their business successes and charitable donations.”

The “black” portion involved generating stories about the Wolfpack and publishing negative information about West Face and its founder, Greg Boland, according to the affidavit, and “portraying a judge in Canada named Frank Newbould as corrupt and anti-Semitic.”

In his own affidavit, Mr. Glassman addressed Mr. Elwood’s description of the meeting. “I do not agree with the details he recalls about the meeting,” he wrote. But Mr. Glassman did not elaborate.

The private investigators cast their nets wide to conduct their operations. Black Cube went so far as to target the wife of Brandon Moyse, a former employee of both Catalyst and West Face who was a central figure in the lawsuit that Justice Newbould ruled on in 2016.

To lure her in, Black Cube set up a website for a fake NGO that allegedly did work in developing countries to aid with education for kids. The NGO said it was interested in her background as an art therapist and children’s book illustrator because it was looking for advisory team members.

The approach led to a dinner with Mr. Moyse and his wife, which is detailed in court filings, and Black Cube took photos of the couple while they sat in a restaurant. Mr. Moyse declined to comment for this story.

The major sting was the one on Justice Newbould. The operation took place in two parts on Sept. 18, 2017, eight days before Catalyst’s court appeal of Justice Newbould’s 2016 ruling was to be heard. The first part was a meeting in his Bay Street office,

and the second was over dinner that night.

In an e-mail from Psy to Black Group, who were in contact despite being rivals, one agent described the goal of the Newbould sting: “Basically we’re trying to prove that he’s a racist, a depraved anti-Semite and trying to find information that could paint him in as negative a light as possible.”

Court filings show Mr. Glassman was briefed on the sting the next day in London while meeting with Black Cube representatives. He has alleged he never knew of the sting before then, but he seemed to like what he heard because the very next day a Black Cube operative wrote in a text message that Mr. Newton wanted at least some contents of the Newbould sting in the hands of journalists. “Newton (as advised by his pals ...) Decided to use all materials about the judge through the media,” according to the message filed in court.

Mr. Glassman explained his decision in his affidavit. “Regardless of how the evidence had been obtained, I believed that the extracts provided potential support for an enlargement of the existing grounds of appeal,” he wrote, adding that he believed there was a “substantial public interest” in publishing the comments.

His lawyers felt differently – although it wasn’t fully known at the time. The day before appeal was to be heard, Mr. Greenspan asked the court for an adjournment because there was fresh evidence to consider.

He also noted that Catalyst’s lawyers from Lax O’Sullivan, who were tasked with arguing the appeal, had “irreconcilable differences” over the evidence and quit. That meant Catalyst needed time to find new legal representation.

At the time, details as to why were scarce, but the newly filed court documents fill in some holes.

For one, in an affidavit filed by Postmedia journalist Christie Blatchford (who later died in 2020), she explained that Mr. Greenspan told her Lax O’Sullivan had demanded Catalyst sign an undertaking it would never attempt to use in any way the information it had covertly obtained about Justice Newbould. Lax O’Sullivan did not respond to a request for comment for this story.

The new documents also show that while Mr. Greenspan was asking the court for time to weigh the evidence, he was also telling Black Cube to suspend its covert operations in Canada.

Notes from one of his colleagues from a Sept. 25 meeting with Black Cube operatives were filed in court, and they describe orders from Mr. Greenspan to halt the undercover component of the investigation. It wasn’t necessarily illegal, he allegedly told them, but from a litigation strategy it had “serious downside potential.”

That didn’t stop Black Cube, however. Two days after the meeting with Mr. Greenspan, a Black Cube operative shared a sting proposal by text message, which was filed in court. “I have an idea. Newboulds identity is all wrapped up in being a former judge and golf. He must belong to some kind of judge or arbitrator organization. If they have a golf outing or some kind of function coming up, we should have the blacks set up a cover for someone that looks/talks/same profile etc. as newbould. We get them closer and our guy discloses he essentially he has essentially the same ‘values.’ He discloses a case or 2 where he couldn’t control his hatred/bias against blacks/Jews ... I would bet newbould won’t be able to help himself.”

The same day, Mr. Glassman’s intermediary, who hired Black Cube, wrote the same message, then followed up with a text message stating, “From the customer,” according to court filings.

Black Cube kept working on the project and the scope of its efforts were allegedly presented to Mr. Glassman in New York on Oct. 17. The firm’s PowerPoint presentation, which was filed in court, identified a Rosedale Golf Club member and an associate golf professional to possibly target for a second sting on Justice Newbould.

Shortly afterward, Mr. Greenspan intervened again. In an e-mail to the Black Cube intermediary, he wrote: “I had, over the course of the past month, expressed my concern to you that no further surreptitious activities were to be undertaken ... It has come to our attention that your agents may have continued, contrary to our clear instructions, their activities by meeting with someone in London yesterday evening. This must stop immediately.”

Two weeks later, the lid blew off the project when Ms. Blatchford wrote a story about Black Cube’s attempt to convince her to write a negative story about Justice Newbould. Aspects of the sting were disclosed to her, and Ms. Blatchford wrote about them, thereby exposing the covert operation. In her affidavit, Ms. Blatchford wrote that the information retrieved from the sting was not very compelling, in her opinion.

Shortly after Ms. Blatchford’s story ran, Mr. Glassman e-mailed his Black Cube intermediary and made it clear that from then on everyone needed to “respect the fact that tapes (or anything derived therefrom) or any other material that may be in their possession regarding anything directly or indirectly related to catalyst, wind [the investment opportunity that sparked the lawsuits], frank newbould or any parties related to any thereof (including current and former employees etc.) is not given to, in any way shape or form, the press or others until/unless approved or otherwise allowed by a Canadian Court.”

This week, in response to questions from The Globe, Catalyst spokesperson Dan Gagnier provided an alleged transcript of the Newbould sting.

The document, which has not been authenticated independently, purportedly details what transpired between the Black Cube agent and Justice Newbould over the course of the two meetings in September, 2017.

According to the document, the Black Cube agent tries multiple times to engage Justice Newbould in conversation about Jewish people by claiming there is a Jewish angle to his alleged client’s intellectual property issue.

“He is afraid that since the Jewish lobby or influence in New York will be too grand ...”, the agent says at one point. The agent later mentions “the Jewish way of doing things. It’s obvious – all the time trying to take more than, than they should, and more than agreed.”

According to the purported transcript, Justice Newbould replies: “Umm, there’s some good Jewish people and there’s some bad Jewish people. There’s some good Spaniards and bad Spaniards. Bad [unclear] Canadians and good Canadians.”

At one point, the unverified transcript purports to show Justice Newbould making a comment about Chinese witnesses who lied to him on the stand. It appears to be a one-off comment about court proceedings and it is difficult to determine the flow of conversation leading up to that moment, because of potential gaps in the purported transcription.

Ms. Blatchford previously summarized similar details in her 2017 story.

Justice Newbould’s lawyer, Brian Gover, declined to comment.

Catalyst’s appeal was ultimately heard in February, 2018, but was dismissed. Psy Group has ceased operations since then. Multiple lawsuits between Catalyst and West Face remain outstanding, as does Catalyst’s lawsuit against Black Cube.

Your time is valuable. Have the Top Business Headlines newsletter conveniently delivered to your inbox in the morning or evening. [Sign up today.](#)

© Copyright 2021 The Globe and Mail Inc. All rights reserved.

351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher