

# business

### Growth Markets advance on news from European central bank D2

### Rogers Profits jump as wireless operations, Jays drive growth D3

↑ <b>TSX</b> 173.92 TO 13,878.11 YTD -5.2%	↑ <b>DOW</b> 320.55 TO 17,489.16 YTD -1.9%	↑ <b>NASDAQ</b> 79.93 TO 4,920.05 YTD -3.9%	↓ <b>GOLD</b> 0.20 TO 1,165.90 YTD 1.6%	↑ <b>DOLLAR</b> 0.18 TO 76.30 YTD -11.5%	↓ <b>CRUDE</b> 0.04 TO 45.34 YTD -15.5%
↓ <b>NASDAQ GLOBAL</b> 14.99 TO 1,604.03	↑ <b>S&amp;P 500</b> 14.57 TO 2,052.51	↑ <b>S&amp;P/TSX-60</b> 9.79 TO 815.05	↑ <b>TSX VENTURE</b> 3.31 TO 547.75	↓ <b>NATURAL GAS</b> US\$0.012 TO 2.374/MMBtu	↓ <b>EURO</b> 80.0010 TO US\$1.1099



Denis Marcoux, the vice-president of Repsol Canada, delivers a presentation at the Atlantic Canada Energy Summit in Saint John on Thursday. PHOTO: ADAM HURAS/LEGISLATURE BUREAU

## REPSOL FORECASTS RESURGENCE OF LNG IMPORT TERMINAL

ADAM HURAS  
LEGISLATURE BUREAU

The conditions that led Repsol to build its LNG import terminal in Saint John are returning, the Spanish energy giant believes it can now import more natural gas into the region.

Denis Marcoux, the vice-president of Repsol Canada, says the drop in international liquefied natural gas prices combined with demand for more gas in New England is providing the favourable conditions that Canaport was originally built to enjoy.

But it also raises questions about whether there is now the need to build

an export terminal - Canaport's under-use to date prompting the potential for a new \$2 billion facility.

"We have an opportunity now to play a larger role or get back to the role that was foreseen at the development at Canaport," Marcoux said after delivering a presentation at the Atlantic Canada Energy Summit in Saint John on Thursday. "This is creating the same conditions that were there when we developed Canaport to serve the market."

"There are better conditions to bring more LNG to serve more of

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## Valeant faces crisis as recent allegations renew questions about business practices

ROSS MAROWITS  
THE CANADIAN PRESS

MONTREAL - Explosive, unproven allegations against Valeant Pharmaceuticals have caught the eye of a Canadian regulator and raised serious questions about the company's business structure - even from its long-time supporters.

The market value of Canada's biggest publicly traded pharmaceutical company has been cut by more than \$30 billion this week as Valeant's stock plunged Tuesday, Wednesday and again Thursday amid intense scrutiny of its business practices.

Citron Research, a U.S. firm that says it examines fraudulent and over-hyped stocks, alleged Wednesday that Valeant created a network of pharmacies to distribute its products and avoid the scrutiny of auditors.

Quebec's securities regulator says it hasn't launched a formal investigation into Valeant, which has its headquarters in Laval near Montreal, but is watching the situation "very seriously."

"These allegations are worrying and our goal is to make sure that there was no negligence regarding our regulations," said Sylvain Therberge, spokesman for l'Autorité des marchés financiers.

Valeant (TSX:VRX) responded on Wednesday to what it called an "erroneous report" by issuing a detailed explanation of how it accounts for transactions with Philidor Rx Service and R&O Pharmacy, which were the focus of investigations by the New York Times and the Southern Investigative Reporting Foundation.

Top company officials will address the accusations again in a conference call early next week with analysts.

"We look forward to our call on Monday where we will address and



The sign of Valeant Pharma is pictured at its head office in Montreal on May 27, 2013. Explosive, unproven allegations against Valeant Pharmaceuticals have caught the eye of a Canadian regulator and raised serious questions about its business structure, even from the company's longtime supporters.

PHOTO: RYAN REMORIZ/THE CANADIAN PRESS

refute recent allegations," said chairman and CEO Michael Pearson.

"There have been no charges or formal allegations laid against Valeant by U.S. or Canadian authorities."

Analyst Alex Arfaei of BMO Capital Markets said that while Valeant's actions may not be illegal, the allegations raise concerns about the entire company that may not be fully eased until there's an investigation.

Arfaei, who claims to be a "strong, vocal Valeant bull," said his analysis of the company's cash flows can't totally refute Citron's allegations of "phantom sales" or channel stuffing.

"We find Valeant's arrangements with the specialty pharmacy Philidor as not just aggressive but questionable," he wrote in a report in which he downgraded the company. "We believe that the questionable nature of this specific business practice casts uncertainty over the rest of the business."

Valeant critic Vicki Bryan of Gimme

Credit said the company's disclosure about its ties and potential ownership in mail-order pharmacies like Philidor shed light on U.S. investigations into its drug distribution, patient assistance program and aggressive pricing strategies.

"We also doubt this will be the last of bad news for Valeant, and apparently investors feel the same," she said, pointing to the 60 per cent drop in its share price since its August peak.

Standard & Poor's Ratings Services said its ratings are unaffected by the Valeant speculation and a sharp decline in the company's shares.

"We don't see the facts and reasoning in the research report as supporting evidence of the allegations of falsified invoices or channel stuffing," credit analyst David Kaplan wrote in a report.

Activist investor Bill Ackman of Pershing Square Capital - a business partner with Valeant in its failed bid for

Allergan - took advantage of Wednesday's share price meltdown to purchase more than two million Valeant shares, making it the company's second-largest shareholder.

Controversial hedge fund manager Martin Shkreli, who was roundly criticized by U.S. politicians for dramatically hiking the price of Daraprim after buying the drugmaker, tweeted he took a long position in Valeant and shorted Allergan.



**We doubt this will be the last bad news for Valeant.**

WICKBRYANT

Valeant, has been under a considerable degree of political and legal scrutiny in the United States over hefty price increases for two heart drugs and its patient assistance program. A week ago, the company said that U.S. Attorney's offices in Massachusetts and New York had court orders for it to produce documents.

The drugmaker is one of Canada's top companies and accounts for about four per cent of the S&P/TSX composite index.

Meanwhile, Toronto law firm Koskie Minsky LLP and New York investor rights specialist Rosen Law Firm said they are each preparing potential class-action lawsuits to recover losses suffered by Valeant investors over alleged misrepresentations by the company.

## StatsCan says auto sector boosts retail sales in August to \$43.6B

CRAIG WONG  
THE CANADIAN PRESS

OTTAWA - Canadians who bought new and used cars in August helped boost retail sales for the fourth consecutive month.

Statistics Canada said Thursday that higher sales at motor vehicle and parts dealers helped boost retail sales to \$43.6 billion in August, up 0.5 per cent from the previous month.

Excluding the auto subsector, retail sales were flat for the month.

Economists had expected a gain of 0.1 per cent.

"Overall, high consumer confidence, continued employment gains and low borrowing costs appear to be supporting the pace of household consumption growth for now," said economist David Madani of Capital Economics.

"But with the worst effects of the oil price shock arguably still ahead, we would expect to see some slowing in the pace of hiring and household spending in the months ahead."

TD Bank economist Brian DePratto said the result suggests there's a chance growth in the third quarter may be better than the bank's prediction of a 2.5 per cent annual pace.

"Given the strong monthly momentum coming into the quarter, all signs point to a robust exit from the recession that marked the first half of the year," DePratto said.

The retail sales results follow a

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