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# **Standing Committee on Access to Information, Privacy and Ethics**

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**EVIDENCE**

**Tuesday, December 11, 2007**

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**Chair**

**Mr. Paul Szabo**

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## Standing Committee on Access to Information, Privacy and Ethics

Tuesday, December 11, 2007

• (1105)

[English]

**The Chair (Mr. Paul Szabo (Mississauga South, Lib.)):** Good morning, colleagues.

As you know, there is a bell ringing now for a vote to take place in ten minutes. Under the Standing Orders, a committee is not permitted to sit during the taking of votes, unless the committee gives its unanimous consent. So I'm going to ask right now if the committee gives its unanimous consent for us to proceed with our hearing at this time. Is there unanimous consent?

No, there's not, so I must suspend the meeting until after the vote. It should take about 15 minutes.

• \_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1130)

**The Chair:** I call to order the eighth meeting of the Standing Committee on Access to Information, Privacy and Ethics, concerning the study on the adopted motion regarding the Mulronev Airbus settlement.

I want to advise members that at 1 p.m., or earlier if appropriate, we will be suspending our meeting to go in camera to address related committee business, including the report from the Sergeant-at-Arms on the circumstances under which Mr. Schreiber first appeared before us without having consulted his documents first.

The second item is motions from members for which the required notice has been given.

Thirdly, there is the steering committee report on proposals for committee hearings during the Christmas adjournment of the House. There is a review of the preliminary witness list and instructions from members for the chair to start that process.

Finally, there are any other matters that may properly come before the committee.

I understand this room is booked for 1:30 for the Prime Minister. The room has to be prepared and swept, so we will be moving to Room 209 in the West Block.

We do need to have this meeting, colleagues, and I hope we will be able to deal with those issues promptly. So we will suspend by one o'clock, or earlier, if it appears we are ready to move on.

At our last meeting, the committee instructed me to call two witnesses from GCI, in addition to Mr. Schreiber. They are Mr.

Gerry Doucet, who unfortunately is in hospital in Halifax; and Mr. Greg Alford, who was only located on Monday in Toronto. A telephone message for him was left by the clerk, but unfortunately there has been no return call. We will address this matter when we meet in camera.

Accordingly, our witness for today is Mr. Karlheinz Schreiber, who is accompanied again by his lawyer, Mr. Richard Auger.

Good morning, gentlemen.

**Mr. David Tilson (Dufferin—Caledon, CPC):** On a point of privilege, Mr. Chairman, I just want you to clarify the procedures today. You've indicated we're going to adjourn and go to in camera proceedings at one o'clock. We may have to go to the West Block. Some members have to be back at two o'clock, which is a challenge, so I'll just ask that you consider that.

The second issue is with respect to the ten-minute rule we established at the last meeting. I'm concerned about the time factor, Mr. Chairman. On this particular day, if we proceed with the ten-minute rule and each of the caucuses has ten minutes, it is conceivable the government would not get time to ask questions. So I'm assuming, sir, and this is what I want you to clarify, that we will revert to the usual rules of this committee with this type of examination.

**The Chair:** Thank you, Mr. Tilson.

As you know, that's not a point of privilege. We have already lost a fair bit of time.

To address your points, if it's the committee's will, we could stay in this room and adjourn this testimony a little early and just try to quickly handle our matters, if that's acceptable to the members, instead of going to Room 209. Or do the members...?

Let's see how it goes. We'll have to take a decision. The members seem to have mixed views on trying to cram in all of the things we must do in a very short period of time. As well, there may be questions for Mr. Schreiber right to the end of the meeting, and we don't want to pre-empt that important responsibility.

With regard to the ten-minute rule, Mr. Tilson, the committee unanimously accepted that motion. If the committee wishes to change the proceedings, I would note that a motion has not yet been made, but it could be made if you wish, and we'd take a vote on that immediately.

•(1135)

**Mr. David Tilson:** Mr. Chairman, excuse me. My assumption was, and this is why I asked the question, that this only applies when we're going for two-hour sessions of witnesses. If we're just going for one-hour sessions of witnesses, it will be physically impossible for the government to ask questions.

I'm assuming your interpretation is that in those types of situations, or in the situations where we have one hour per witness, we'll revert to the original rules.

**The Chair:** Thank you for your input.

We're going to move forward now, since there's no motion.

**Mr. David Tilson:** Well, I would move, Mr. Chairman, that for this particular day we revert to the original rules of seven minutes and five minutes for each caucus.

**The Chair:** Does everyone understand the motion put by Mr. Tilson?

I would like to put the question now.

(Motion negatived)

**The Chair:** Accordingly, our witness today is Mr. Karlheinz Schreiber, who is accompanied by his lawyer.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Mr. Chair, I have a point of order.

**The Chair:** I'm sorry; I'm in the middle of my statement. Thank you.

**Mr. Dave Van Kesteren:** On a point of privilege, Mr. Chair.

**An hon. member:** We have a point of order, which trumps your statement.

**The Chair:** I'm sorry. The first words that came to me were not the words "point of order".

Are you asking me on a point of order? Please state the nature of the point of order.

**Mr. Dave Van Kesteren:** Mr. Chair, I counted five votes. On the last voting, there were five hands that went up on the government side.

**An hon. member:** And there were two Liberal members who didn't vote, Mr. Hubbard and Mr.—

**The Chair:** Mr. Van Kesteren, I sought the count from the clerk, and he advises me that the motion was defeated. That's the decision.

Now, Mr. Schreiber, I remind you that you are still under oath.

As I indicated to you previously, if you have a brief opening statement to make regarding your testimony so far, in the event that there's something you would like to clarify, etc., or if you have any subsequent developments or new evidence you wish to give, I will hear from you now.

Do you have any statement to make, sir?

**Mr. Karlheinz Schreiber (As an Individual):** Yes, sir.

**The Chair:** And how long do you believe this will take, Mr. Schreiber?

**Mr. Karlheinz Schreiber:** I have no idea. It depends whether somebody asks. I come back to—

**The Chair:** How much time would you like, sir?

**Mr. Karlheinz Schreiber:** Five minutes.

**The Chair:** Proceed.

**Mr. Karlheinz Schreiber:** It depends.

The last time, I was asked about the Bear Head project, which is the key project in the whole matter, and I told you that this matter was in front of the German tax authorities, with a request as to who the recipients were, and that I explained they were at GCI, Frank Moores.

I remind you that I gave you a road map to start with. I think it's the most efficient way, because when you have special questions, I can go and prepare the relevant material, which I did for a couple of days.

I have here the whole Bear Head file, with the documents from the German tax authorities and all the important communication and correspondence and agreements, whatever it might be. I think it will give the members of the committee a complete understanding of what really happened and how Thyssen, the Canadian soldiers, and the people in Nova Scotia were betrayed.

**The Chair:** The clerk's assistant will take the document and have it copied for the members.

**Mr. Karlheinz Schreiber:** Second—I do this only as a reminder: government afraid of an Airbus inquiry; Schreiber charged to make sure that nobody forgets who was always in favour of this.

Then, unfortunately, Mr. Comartin is not here today. I will hand over a letter I have sent to Mr. Comartin and the letter I received from the Honourable Marlene Jennings.

I also would like to say that Mr. Comartin made some comments about me and where my personality or my ethical understandings are. I found this pretty ignorant, because if he's doing things like this

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•(1140)

**The Chair:** Order. Mr. Schreiber, let's see whether we can keep away from personal characterizations, please.

**Mr. Karlheinz Schreiber:** I apologize, because then he puts me together with Tony Blair and Maggie Thatcher. I put it in front of you because in the international world nobody cares what the Canadians want. It depends on what the client wants.

Then, I have to say that when the RCMP said I was wrong, that they interviewed me several times, that's completely wrong. I asked you that day, do you refer to meetings with the RCMP before the settlement agreement? The answer is clearly no. I was not even in the country. So it's another wrong statement from the RCMP. I have marked it here and I have put it to you.

Then for my friend on the left, who had this friendly recommendation the last time for me to go to Germany, I brought you the article "Human Rights Violation in Germany". It may help you to understand what's really going on. Yes, sir, there are wonderful Germans, but there were also the Germans who did the Holocaust and those who shut their own families behind the Iron Curtain. Perhaps you can learn something.

Then I put this also there. Then it's hard for me to believe that Prime Minister Harper did not speak with Mr. Mulroney about my letter or my case, because the meeting was not that far away from the program on *The Fifth Estate*, "Money, Truth & Spin".

I want to tell you one remark and then I'm through. In that case, it was the big fight for big money. Today, in this country, it's exactly the same, more or less with the same people. You have heard about my letters to the Prime Minister and to Mr. Mulroney, but so far you have not the smallest clue as to how the projects happened. Only I can tell you. Therefore I recommend urgently that you invite as a key witness Mr. Benoît Bouchard. He was involved in the Airbus because he was then the Minister of Transport, and he was also involved in the Bear Head project.

I have some more witnesses I would recommend, but I will do this in writing.

Thank you for your attention.

**The Chair:** Thank you kindly, Mr. Schreiber.

I'm going to move now to questions by members.

The Honourable Robert Thibault, ten minutes.

[*Translation*]

**Hon. Robert Thibault (West Nova, Lib.):** Thank you, Mr. Chair.

Mr. Schreiber, welcome to the committee once again. I have a series of questions to ask you.

First, you mentioned Mr. Bouchard's name without going into details. Do you know anyone who would have given funds to Mr. Bouchard, personally or through a third party?

[*English*]

**Mr. Karlheinz Schreiber:** These are exactly the questions, Mr. Thibault, I'm very much interested in finding out. I think this is something for an inquiry and should not be discussed here.

[*Translation*]

**Hon. Robert Thibault:** Thank you.

[*English*]

**The Chair:** Point of order? Okay, I know where this is going.

Mr. Schreiber, not answering a question is not an option here, if you have knowledge. You have been asked directly, and you should respond unless you can give me proper justification why the matter should not be answered at this time. I'll consider it, but primarily, questions posed by members must be answered by you.

**Mr. Karlheinz Schreiber:** I have no direct knowledge about anything around that. I have a certain idea, but this only can be done when you ask other witnesses.

[*Translation*]

**Hon. Robert Thibault:** Thank you.

At the Harrington Lake meeting in June 1993, you told Mr. Mulroney that you had to check how much money in the Frankfurt account was available for the Bear Head project. You subsequently stated that all the money in the Bear Head account, \$500,000, had nothing to do with the Bear Head project.

Is that correct?

[*English*]

**Mr. Karlheinz Schreiber:** Yes, but I did not say to him that I had to check the Frankfurt account. Names were not mentioned. I just said I'm going to check with the bank what money is available.

**Hon. Robert Thibault:** I'd refer you to the testimony. I don't have a copy of it here, but I went through it on the weekend, and in questions you did refer that you would check the Bear Head account, or the Thyssen money.

• (1145)

**Mr. Karlheinz Schreiber:** Yes, that's correct.

**Hon. Robert Thibault:** So you checked the Thyssen money.

**Mr. Karlheinz Schreiber:** Yes.

**Hon. Robert Thibault:** So you told Mr. Mulroney you were checking the Thyssen money.

**Mr. Karlheinz Schreiber:** Yes.

**Hon. Robert Thibault:** Then you determined that \$500,000 was available. Was that the total remainder of the original \$4 million from the commission?

**Mr. Karlheinz Schreiber:** Yes, sir.

**Hon. Robert Thibault:** Do you have records of where the other money went, the \$3.5 million?

**Mr. Karlheinz Schreiber:** No.

**Hon. Robert Thibault:** From your hands or the accounts you had control of, the IAL account and the Frankfurt account, was that \$3.5 million all transferred to GCI?

**Mr. Karlheinz Schreiber:** I have no recollection, sir, because I don't have the accounts. They are all with the RCMP or with the Germans.

**Hon. Robert Thibault:** But you would have seen those accounts a number of times. Do you have a memory of transferring money to any other account except that one?

**Mr. Karlheinz Schreiber:** I have a problem now with what you are asking me. There must have been more money in the Frankfurt account, because I told you this was the rest, what was left. I kept it there because the project was not finalized. So there must have been more money coming to the Frankfurt account, and it must have then been distributed either to Frank Moores, Gary Ouellet, or other accounts, but I don't know.

**Hon. Robert Thibault:** What you're suggesting, then, is that Frankfurt would receive through IAL money from the MBB commissions, from the Airbus commissions, from Thyssen commissions, and they would not all have gone from Frankfurt necessarily to GCI. Some may have gone to the principals of GCI directly?

**Mr. Karlheinz Schreiber:** Yes, there were requests to transfer the funds to other companies where, for example, all the shareholders had sent finally direct invoices not related to the projects and the money was sent to them. Others were of course demands for cash transfers, the handout of cash, which I then withdrew and handed out. Yes, it was quite different.

**Hon. Robert Thibault:** So some invoices exist.

**Mr. Karlheinz Schreiber:** Yes.

**Hon. Robert Thibault:** Do you have copies of those invoices?

**Mr. Karlheinz Schreiber:** I saw them in one of the files from my lawyers, and I think it's also in the documents from *The Fifth Estate*, which say that money went from Merkur, a company in Lichtenstein, to Frank Moores, Gary Ouellet, Fred Doucet, Gerry Doucet. I think it's all there. I may even have seen it there and not in the other documents.

**Hon. Robert Thibault:** Would these invoices, as they exist, equal the total of the commissions—the \$20 million from Airbus, the \$4 million from Thyssen? I don't know what the commissions from MBB were. Would invoices exist to cover all these amounts?

**Mr. Karlheinz Schreiber:** No.

**Hon. Robert Thibault:** So some transfers were done without invoice.

**Mr. Karlheinz Schreiber:** At the beginning, I told you—and this was a big headache for me—there were these constant fights between the Doucets, Frank Moores, and Gary Ouellet on the funds.

**Hon. Robert Thibault:** When you determined that you could, in your words, “work with Mr. Mulroney” and you gave him \$300,000, you said it was for two purposes. One was that because of the work he had done on the unification of Germany, you wished to work with him. The other was that he could have use in the future for you, with Kim Campbell and also on the international level, if I remember correctly.

**Mr. Karlheinz Schreiber:** Yes, but we have to separate this. When I spoke to you, I spoke about reasons. One was an emotional thing, to say I have to help him or say thank you somehow by helping him for the reunification support he gave. That's one thing; it had nothing to do with business, and I didn't pay him for that. But that was one of the reasons motivating me to ask him to do business together.

**Hon. Robert Thibault:** So the \$300,000 or \$500,000 that you had available was to—

**Mr. Karlheinz Schreiber:** It was exclusively for the Bear Head project.

**Hon. Robert Thibault:** Exclusively for the Bear Head project—

**Mr. Karlheinz Schreiber:** At the beginning.

**Hon. Robert Thibault:** And this was the Bear Head project in which the client you would have been working with would have been Thyssen.

**Mr. Karlheinz Schreiber:** Yes.

**Hon. Robert Thibault:** Was Thyssen aware that Mulroney was working on that project, that you had entered into an agreement with Mulroney to work on that project?

**Mr. Karlheinz Schreiber:** Yes, I think so.

**Hon. Robert Thibault:** Was he in regular contact with Thyssen? Did he report to them? Did he report to you?

● (1150)

**Mr. Karlheinz Schreiber:** No. I understand that nothing happened before the election, because everything was somehow focused on the October election and on the Conservatives winning another majority government. Since the Liberals then won the election, the Thyssen people consequently dealt with Marc Lalonde, mainly on their projects in Quebec, and met with officials there. This was directly between Thyssen and Marc Lalonde.

**Hon. Robert Thibault:** Thyssen and Marc Lalonde. Mulroney was not working on that file at that time?

**Mr. Karlheinz Schreiber:** Not to my recollection. I didn't speak to him, because I was not involved any more. And you can understand, after the brutal fights I had with the Canadian government because of the threat to the lives of the Canadian soldiers, I was not in a position to go to the Liberals and negotiate, even though they were quite some friends of mine from the Atlantic Bolkow.

**Hon. Robert Thibault:** So who at Thyssen would Mulroney have been in contact with?

**Mr. Karlheinz Schreiber:** I don't think this contact took place at all, because he could do nothing. He did nothing.

**Hon. Robert Thibault:** Who at Thyssen would you have advised that Mulroney was on the file?

**Mr. Karlheinz Schreiber:** I told Mr. Massmann and Mr. Haastert that this is something we have to wait for, and that Mr. Mulroney is prepared to support our activities in Quebec. The gentlemen, especially Mr. Massmann, negotiated later on with Mr. Ouellet, I think it was, in Quebec on the project.

**Hon. Robert Thibault:** In your March 1993 letter to Prime Minister Brian Mulroney, you mention a meeting between yourself, the prime minister of the day—Mulroney—and Minister Elmer MacKay that took place at 7 Rideau Gate. Was the purpose of this meeting for you to lobby the Canadian government about the LAVs from Thyssen?

**Mr. Karlheinz Schreiber:** Mr. Thibault, I think the address you give is the guest house or something like that. When we came there, Mr. Mulroney asked us to come to his place, to Sussex 26, and we had breakfast together.

**Hon. Robert Thibault:** At 24 Sussex?

**Mr. Karlheinz Schreiber:** Yes.

The purpose of the meeting was the project, and especially my grave concerns about the safety of the Canadian soldiers. I showed him this metal plate from the German minister of defence, where we shot through the armament from the car.

**Hon. Robert Thibault:** So you were working at that time with Mr. Mulroney. You were dealing on the question of Thyssen, on the —

**Mr. Karlheinz Schreiber:** A hundred percent, sure. I did this since 1985, constantly.

**Hon. Robert Thibault:** I look at the testimony Mr. Mulroney gave during the preliminary hearings on his lawsuit with the federal government, wherein he says—and I paraphrase, but it's from a longer context—that he “had had no dealings with Schreiber”, and now there is a suggestion that this means prior to his testimony of that date. Others would suggest, when they read it, that it meant in general, that he had had no dealings.

These were dealings. You were dealing with Mulroney and with his government on the question of Thyssen, right?

**Mr. Karlheinz Schreiber:** Sure. It was my job.

**Hon. Robert Thibault:** Who arranged this meeting, first at 7 Rideau Gate and then at the Prime Minister's? Who was organizing this for you?

**Mr. Karlheinz Schreiber:** I would think Elmer MacKay, who used to be the minister of ACOA and was responsible for the project, did that.

**Hon. Robert Thibault:** And who else attended this meeting?

**Mr. Karlheinz Schreiber:** Nobody.

**Hon. Robert Thibault:** There was only you, Mr. MacKay, and Mr. Mulroney?

**Mr. Karlheinz Schreiber:** Yes.

**Hon. Robert Thibault:** No executives from Thyssen were present at that meeting?

**Mr. Karlheinz Schreiber:** No.

**Hon. Robert Thibault:** What was the date of this meeting? Do you remember?

**Mr. Karlheinz Schreiber:** I really can't tell.

**Hon. Robert Thibault:** Thank you.

**The Chair:** Thank you kindly.

We'll now move to Madame Lavallée.

[*Translation*]

**Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ):** Thank you very much, Mr. Chair.

Mr. Schreiber, I'd like to go back to the letter of May 8 of this year, which we talked about last week. Essentially, you told us that Fred Doucet had asked you, in late 1992 or early 1993, to transfer the money to Mr. Mulroney's lawyer in Switzerland. I have a few points that I would like you to clarify on that subject.

Do you have a more precise memory of the moment Fred Doucet asked you that? Were you in the offices of GCI, Government Consulting Inc., at that time?

[*English*]

**Mr. Karlheinz Schreiber:** Yes.

[*Translation*]

**Mrs. Carole Lavallée:** Did Fred Doucet have an office in GCI's offices?

[*English*]

**Mr. Karlheinz Schreiber:** No. His brother had an office there, and I don't even know whether we were in the boardroom or what,

but I know for a fact that it was at GCI. I know it because after the meeting I went immediately to Mr. Moores.

• (1155)

[*Translation*]

**Mrs. Carole Lavallée:** How much money did he ask you for?

[*English*]

**Mr. Karlheinz Schreiber:** He didn't set an amount.

[*Translation*]

**Mrs. Carole Lavallée:** Did he talk about a percentage?

[*English*]

**Mr. Karlheinz Schreiber:** No.

[*Translation*]

**Mrs. Carole Lavallée:** How did he ask you that? It seems to me you don't suddenly show up and say that, incidentally, you'd like to have money put in the account of Mr. Mulroney's lawyer. There must have been some kind of introduction.

[*English*]

**Mr. Karlheinz Schreiber:** Ma'am, I'll try to make it again clear. It was that I should convince Mr. Moores. He would decide how much money should go. I could not take money from the GCI account without the proper instruction from Mr. Moores. That was our problem.

[*Translation*]

**Mrs. Carole Lavallée:** Why did he ask you that? Normally, Fred Doucet should have gone to see his brother, who worked at GCI, and to ask him that.

Why go through you?

[*English*]

**Mr. Karlheinz Schreiber:** Well, number one is that I am not sure whether Mr. Doucet was a shareholder under his brother, or only Mr. Gerry Doucet was the shareholder.

Second, I've told you now several times that there was a constant fight and he wanted me to fix the problem. He fought with Moores about the funds all the time.

Ma'am, this is not so uncommon in business that people fight constantly about their share.

[*Translation*]

**Mrs. Carole Lavallée:** Help me understand.

You're at GCI. There's Fred Doucet, who doesn't work there, who has become a lobbyist and who is Mr. Mulroney's former chief of staff. So he comes to see you in his brother's office, and, instead of asking his brother to ask Frank Moores, the President of GCI, he asks you, a stranger to GCI.

Unless it was you who decided what went on at GCI? Or else was it you who gave GCI the money?

[*English*]

**Mr. Karlheinz Schreiber:** Ma'am, I transferred the money to GCI, and as to how often Fred may have spoken to his brother, my recommendation is to ask both of them.

[Translation]

**Mrs. Carole Lavallée:** How much money did you transfer to GCI?

[English]

**Mr. Karlheinz Schreiber:** I have no recollection, ma'am.

[Translation]

**Mrs. Carole Lavallée:** Try to remember a little.

[English]

**Mr. Karlheinz Schreiber:** Look, this is twenty years ago, and this is money from MBB, Airbus, and Thyssen. How do I know how much I transferred to GCI, how much I was asked to send somewhere else, how much I brought in cash to Canada—how do I know?

I mean, I am close to Einstein, but I don't know that.

**The Chair:** Mr. Schreiber, the question was not to the penny, but I think the member wants to know the relative magnitude. Is it \$1 million, \$5 million, \$10 million, \$20 million? You must have some recollection of the magnitude.

**Mr. Karlheinz Schreiber:** To GCI? I would say not less than \$5 million, but this is in the bookkeeping probably from GCI, or at least it is in the accounts, and you may have a look at *The Fifth Estate* and they may show you the Frankfurt account.

But I never took any accounts from them. And you may laugh about me—I am perhaps a strange bird. I am not that nosy and I don't care. I did what they wanted me to do and that's it. And by the way, I had other things to do, too.

[Translation]

**Mrs. Carole Lavallée:** I'd prefer you to answer rather than to go and ask those kinds of questions. In any case, we know that, it's on their Web site, which incidentally is very well done.

I want to understand. Let's take Airbus, for example. You had a contract with Airbus. If we break down the amounts you were to receive, that represents roughly \$20 million.

Was the amount related to Airbus deposited to one of your accounts in full all at the same time, or in a number of instalments at a number of times or in a number of accounts? How was the \$20 million paid to Airbus?

• (1200)

[English]

**Mr. Karlheinz Schreiber:** Ma'am, I heard quite often about the \$20 million. I never calculated it, whether you believe it or not. But it was installments over the years and it depended, as far as I recall, on the delivery time of each aircraft. So this went on over years.

[Translation]

**Mrs. Carole Lavallée:** Unless I'm mistaken, the Airbus money was paid to one of your accounts. Then you distributed it, didn't you?

[English]

**Mr. Karlheinz Schreiber:** Yes, yes—no, it went first to the IAL account. Most of the time IAL transferred the money, until Mr. Pelossi stole the money, then we had to direct their line.

[Translation]

**Mrs. Carole Lavallée:** However, you said the other time that Mr. Pelossi had just stolen \$1 million from you. That's what you said.

Going back to the Airbus money, it arrived in your IAL account. Then it was you who were responsible for distributing it, and you paid approximately \$5 million to GCI.

[English]

**Mr. Karlheinz Schreiber:** No, the business was done between the companies and GCI. I was not the one who could deliver a contract.

[Translation]

**Mrs. Carole Lavallée:** No, but you paid \$5 million to GCI. It was you who said so.

[English]

**Mr. Karlheinz Schreiber:** But of course. There was an agreement that the Germans would receive something, everybody knows, for the Christian-Social Union, that something went to the French direction for the political gears.

[Translation]

**Mrs. Carole Lavallée:** I don't understand.

You received the money from Airbus in various instalments in your IAL account. We agree on that. The \$20 million from Airbus was thus paid into your IAL account at various points in time. These were transfers between bank accounts; it wasn't a cheque and it wasn't cash either.

Have I understood correctly?

[English]

**Mr. Karlheinz Schreiber:** Yes.

[Translation]

**Mrs. Carole Lavallée:** After that, you distributed that money to various accounts. If we have the time, we'll look at the various accounts later. So you paid that money into various accounts, including a GCI account.

Earlier you said that you had paid \$5 million into the GCI account.

[English]

**Mr. Karlheinz Schreiber:** It's my estimate. I may not be right, but this is my estimate.

[Translation]

**Mrs. Carole Lavallée:** All right.

Why did Fred Doucet ask you to suggest to Frank Moores that he pay the money to Mr. Mulroney's lawyer in Switzerland? Why?

[English]

**Mr. Karlheinz Schreiber:** Ma'am, you must ask him. I don't know. I told you, I went to Frank Moores and asked him, "What is this all about?" He told me to stay away, and I was happy to stay away from that.

[Translation]

**Mrs. Carole Lavallée:** What was the name of Mr. Mulroney's lawyer in Switzerland?

[English]

**Mr. Karlheinz Schreiber:** I don't know. Remember, I didn't pay attention. I was shocked and I said no. I went to Frank Moores, and it was over. Why would I, twenty years later, know what guy it was? On top of that, how would I know whether it's true or whether Doucet wanted to steal some money for himself? I don't know.

[Translation]

**Mrs. Carole Lavallée:** Perhaps because you knew Mr. Mulroney's lawyer. Perhaps you knew him.

[English]

**Mr. Karlheinz Schreiber:** Who?

[Translation]

**Mrs. Carole Lavallée:** Mr. Mulroney's lawyer in Switzerland. Perhaps you knew him.

[English]

**Mr. Karlheinz Schreiber:** Sure, but I don't know Mr. Mulroney's lawyer in Switzerland. I never met one of his lawyers. I thought you referred to Mr. Doucet.

[Translation]

**Mrs. Carole Lavallée:** In your letter, where you say, "I am prepared to disclose [...]," you say that you received payments from GCI, Frank Moores, Fred Doucet and Gary Ouellet. Normally, when you put in commas, it's because there's an enumeration.

Does that mean that, in addition to the GCI money, he received money from Frank Moores, Fred Doucet and Gary Ouellet? Is that what that means?

[English]

**Mr. Karlheinz Schreiber:** Ma'am, I think I told the committee now several times that it was agreed upon—at least in what Mr. Moores told me already in the 1980s—that GCI would look after Mr. Mulroney, and that when Mr. Mulroney was no longer the Prime Minister, he would work with GCI. So what I am talking about is that GCI—this is a complete business—had nothing to do with one or the other project. This is my understanding. But again, you may have a chance to ask Greg Alford about it. Perhaps he knows.

[Translation]

**Mrs. Carole Lavallée:** Apart from the mere rumour or the fact that Frank Moores told you not to concern yourself with Mr. Mulroney because he was doing that, what other indication do you have to testify under oath before the committee and to write in that letter that Mr. Mulroney had received other amounts of money from other persons, apart from the \$300,000 that you gave him?

[English]

**Mr. Karlheinz Schreiber:** This is what my understanding was from Frank Moores, and especially from Gary Ouellet, and when all this was discussed at the beginning, that GCI would do the business and get the lobbying business and all this. That was in the 1980s. The discussion was, one day, in the Ritz-Carlton, and Mr. Mulroney was present. So what?

• (1205)

[Translation]

**Mrs. Carole Lavallée:** But, how—

[English]

**The Chair:** Thank you, Madame.

I now move to Mr. Pat Martin. You have ten minutes.

**Mr. Pat Martin (Winnipeg Centre, NDP):** Thank you, Mr. Chair. I'll be sharing my time. Perhaps at the five-minute point you could give us an indication and we'll substitute with my colleague.

Mr. Schreiber, good morning.

**Mr. Karlheinz Schreiber:** Good morning.

**Mr. Pat Martin:** More and more, all your stories seem to lead to GCI. That is why, actually, we wanted witnesses from GCI here today. Unfortunately, they were unable to be here.

But you testified earlier, and I guess you've reaffirmed today, that these commissions went to GCI and were then distributed to their shareholders and "trusts". That is the term you used in the last testimony. Could any of these trusts be held by Brian Mulroney?

**Mr. Karlheinz Schreiber:** I have no idea.

**Mr. Pat Martin:** You did say that the arrangement, to your understanding, was that GCI would take care of Mr. Mulroney after he left public office.

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Pat Martin:** Do you think Frank Moores and these guys were using GCI as some piggy bank to stockpile commissions in Mulroney's name so he could withdraw them at a later time?

**Mr. Karlheinz Schreiber:** I cannot say this. On top of this, there was then at one time a real fallout between Mr. Mulroney and Mr. Moores. I can only guess it was after the Thyssen disaster.

**Mr. Pat Martin:** Were there any other gifts or money or benefits that you helped arrange for other public office holders in any of these projects?

**Mr. Karlheinz Schreiber:** No.

**Mr. Pat Martin:** You never tried to influence public office holders by offering them gifts or benefits or money so they would—

**Mr. Karlheinz Schreiber:** It depends. When you speak about fundraising dinners or something like that, yes.

**Mr. Pat Martin:** How about arranging airplanes full of delegates to go to the 1983 convention to interfere with Canadian politics with foreign money? Was that something you were involved in?

**Mr. Karlheinz Schreiber:** That was the idea from Walter Wolf. I was asked to help, and—

**Mr. Pat Martin:** How much did you help him with?

**Mr. Karlheinz Schreiber:** I think the first time it was \$25,000, and then, as I explained to you, I made this Port Atlantis deal with Mr. Moores to enable him to have more cash, but what the cash in detail was used for, I don't know. They only told me later on that they had to pay for Wardair and the people going to Winnipeg.

**Mr. Pat Martin:** So you helped buy the leadership race that created the next Prime Minister of Canada. Was it foreign money? Were you a Canadian citizen at the time?

**Mr. Karlheinz Schreiber:** It was 1983 and I became a Canadian in 1982, so yes.

**Mr. Pat Martin:** Where did the money come from?

**Mr. Karlheinz Schreiber:** The money came from myself and from the Strauss family and probably from the Christlich-Soziale Union.

**Mr. Pat Martin:** What about another leadership race with the Conservative Party? Did you play a role in Peter MacKay's leadership aspirations to head that party?

**Mr. Karlheinz Schreiber:** No. I told you this before, sir.

But, yes, Mr. Charest.

**Mr. Pat Martin:** Yes, that's another leadership race.

Did you discuss with Mr. Mulroney at any time during his tenure as Prime Minister, or in the two years following, that the Prime Minister would give any advice, paid or unpaid, or make representations on your behalf, or in other words lobby on your behalf, to anyone within the Government of Canada, including Kim Campbell if she had won?

**Mr. Karlheinz Schreiber:** He said that he thought he would be in a very favourable position when she was the Prime Minister and that he could help.

**Mr. Pat Martin:** That was the June 1993 meeting at Harrington Lake, where he said that he could in fact—

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Pat Martin:** —help you influence the next government?

**Mr. Karlheinz Schreiber:** Yes, that was his understanding.

**Mr. Pat Martin:** I'm going to share my time with my colleague. I'll step away, then, and substitute in my colleague, Thomas Mulcair.

**The Chair:** I do have the papers, so I'll give the balance of the time to Mr. Mulcair.

**Mr. Thomas Mulcair (Outremont, NDP):** *Merci beaucoup, monsieur le président.*

I'll continue in English to facilitate things.

Mr. Schreiber, in your testimony before this committee last week, you said the following. You said you nearly froze, and then you said you heard this: "I want you to make sure that GCI, through you, transfers certain amounts of money to an account in Geneva, to a lawyer in Geneva, which is Mr. Mulroney's lawyer." Can you please give us the identity of that lawyer?

• (1210)

**Mr. Karlheinz Schreiber:** I don't have it. I said it already.

**Mr. Thomas Mulcair:** I understood your answer to Madame Lavallée, but the way I read this answer here last week, it sounded like a specific individual. I'm surprised to hear you telling us you have no idea. The way you said it to this committee last week, it sounded like you knew the name of the individual.

**Mr. Karlheinz Schreiber:** No.

**Mr. Thomas Mulcair:** You never had any idea—a lawyer in Geneva....

**Mr. Karlheinz Schreiber:** What troubled me is that I thought I may have written it down, but by then I was completely irritated by the whole thing, and why would I? I did not want to get involved in this, and this is why I asked Moores. Normally, I write down things, and then I would know, but this time I don't know.

**Mr. Thomas Mulcair:** My colleague from Winnipeg just asked you before if you were involved in giving money directly or indirectly, but I'd like to ask you the question ever so slightly differently. To your knowledge, has anyone benefited directly or indirectly from the sums that you transferred to GCI? Can you tell us if you know, to the best of your knowledge, even if you're not the one who transferred them directly, has anyone benefited from those amounts other than Mr. Mulroney?

**Mr. Karlheinz Schreiber:** Well, you mean....

**Mr. Thomas Mulcair:** Other public office holders, other senior government officials.

**Mr. Karlheinz Schreiber:** No, I have no knowledge about that.

**Mr. Thomas Mulcair:** You have no knowledge about it?

**Mr. Karlheinz Schreiber:** No.

**Mr. Thomas Mulcair:** Okay.

Under the conflict of interest and post-employment code for public office holders of 1985, ministers, parliamentary secretaries, and senior public office holders were prohibited from accepting outside employment from anyone with an ongoing matter before the government for a period of two years after they left office. Was this ever discussed between you and Mr. Mulroney?

**Mr. Karlheinz Schreiber:** No.

**Mr. Thomas Mulcair:** Mr. Mulroney, therefore, when you offered him \$300,000—or, as you indicated initially, \$500,000—to work with you on the Bear Head project in particular, never made any indication to you that there might be a problem with the existing conflict rules?

**Mr. Karlheinz Schreiber:** No.

**Mr. Thomas Mulcair:** What was the reason, to the best of your knowledge, for wanting to make those transfers in cash in various cities around the world—at the Pierre Hotel, Montreal Mirabel, and the one in Switzerland? What was his motivation? Did he communicate it to you?

**Mr. Karlheinz Schreiber:** No, and to be fair, it was not discussed. I brought the cash the first time. I brought it the other times.

And by the way, I found out in the meantime that all the meetings took place not by chance. All of them were arranged by Fred Doucet—not only at Harrington Lake but also at the Queen Elizabeth and the meeting in New York.

**Mr. Thomas Mulcair:** I'd like to get back to an issue that you and I have had a chance to touch on before, and to get through it as cleanly as possible.

You've already explained to us that the \$500,000 offer—which turned out to be \$300,000, in three separate \$100,000 cash installments—to Mr. Mulroney was for future consideration for work on the Bear Head project.

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Thomas Mulcair:** What's unclear to me still is how, given your frustration over the fact that, as you said in our very first meeting here, he did nothing.... I'm still having trouble understanding logically, just as a simple matter of common sense, how someone who feels that frustration at someone doing nothing arranges.... A mistake is something you do once. It's not something you keep doing over and over again. Mr. Mulroney's main line of defence is, oh, damn, what a terrible mistake I made; I took \$300,000 in three separate cash payments.

A mistake is something you do once, not something you keep repeating. So why did you keep giving him money, even if you felt frustration that he hadn't delivered on your deal?

**Mr. Karlheinz Schreiber:** Sir, by that time I didn't know that. It was always the bad Liberals, with Mr. Fowler and Tellier and others—you will find this pretty soon, when we come to Bear Head—who were responsible for this. He tried always to do his best. I found out much later that he cancelled the project.

If you look at me—we both are not that young—then you will believe that I would have given him not one nickel if I had known by that day that he could quietly kill the project and make us look like crooks to Thyssen. Forget it.

**Mr. Thomas Mulcair:** The chairman has just indicated that our time is running out.

Could you just repeat slowly for us the names of the other Liberals who were involved? You've already talked about Marc Lalonde. There was an interesting article in the Halifax *Chronicle Herald* last week about his lobbying and his failure to register as a lobbyist.

You mentioned Mr. Tellier. Was that Paul Tellier?

**Mr. Karlheinz Schreiber:** Paul Tellier, yes.

**Mr. Thomas Mulcair:** Who else was involved on the Liberal side?

**Mr. Karlheinz Schreiber:** No, he was in office at the privy council at that time.

**Mr. Thomas Mulcair:** Okay. And what was his role here?

**Mr. Karlheinz Schreiber:** I just said that he was targeted by Mr. Mulroney as one of the bad Liberals, like Fowler and others—

• (1215)

**Mr. Thomas Mulcair:** Mr. Fowler...Bob Fowler.

**Mr. Karlheinz Schreiber:** —who made the problems with the project.

**Mr. Thomas Mulcair:** And he was targeted by Mr. Mulroney?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Thomas Mulcair:** In other words, they were the ones he was blaming for the failure of the project?

**Mr. Karlheinz Schreiber:** Yes.

I had no idea that he ever would have been against it. That's the really bad part of the story.

**Mr. Thomas Mulcair:** “He” being Mr. Mulroney?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Thomas Mulcair:** Thank you.

**The Chair:** Thank you.

Mr. Schreiber, just for clarification for the committee, I've heard you for the second time say that you brought the envelope of one hundred one-thousand-dollar bills and gave it to Mr. Mulroney the first time.

**Mr. Karlheinz Schreiber:** Yes.

**The Chair:** Did he, subsequent to that, suggest to you that he would prefer to receive the money by transfer or other financial instrument? Because it seems to me very difficult to spend a one-thousand-dollar bill, never mind one hundred of them.

**Mr. Karlheinz Schreiber:** No.

**The Chair:** He never asked you for another alternative financial...?

**Mr. Karlheinz Schreiber:** No.

**The Chair:** Thank you.

I move now to Mr. Hiebert for ten minutes.

**Mr. Russ Hiebert (South Surrey—White Rock—Cloverdale, CPC):** Thank you, Mr. Chair.

Mr. Schreiber, the basis of Mr. Mulroney's libel suit in 1996 was a letter that the Department of Justice sent to Swiss authorities insinuating that Mr. Mulroney had received Airbus kickbacks. There are still some outstanding questions as to how that letter was made public.

Mr. Schreiber, did you ever see a copy of that letter, the one from the Department of Justice, before it was published in the *Financial Post*?

**Mr. Karlheinz Schreiber:** Sure.

**Mr. Russ Hiebert:** Can you tell me where you saw the letter?

**Mr. Karlheinz Schreiber:** Excuse me, sir, it's common knowledge. I received the letter in German from the law firm which was representing me. When I saw the letter and I read the letter in that office, I called Mr. Mulroney, informed him about it, and Mr. Mulroney requested the translation from the lawyer in that office.

Then I left. Then the letters, in English, were sent to my lawyer, to Mr. Mulroney, to my other lawyers, and as far as I recall, there was even a lawsuit against the law firm Blum and Partner, in which they were accused of having leaked this letter to somebody. This was already in the Swiss media, but as far as I understand, this lawsuit finally collapsed. Maybe one can find out.

**Mr. Russ Hiebert:** Mr. Schreiber, do you know a reporter who used to work at the *Financial Post* by the name of Philip Mathias?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Russ Hiebert:** Have you ever met him or spoken with him?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Russ Hiebert:** Can you tell me when or where?

**Mr. Karlheinz Schreiber:** With Phipps Mathias—it's hard to say. It must have been in 2000 or—

**Mr. Russ Hiebert:** Was it on more than one occasion?

**Mr. Karlheinz Schreiber:** No, it was in 1999. I was with him when I was arrested in August.

**Mr. Russ Hiebert:** Had you met him prior to the libel suit in 1996?

**Mr. Karlheinz Schreiber:** No.

**Mr. Russ Hiebert:** You had never met Mr. Mathias?

**Mr. Karlheinz Schreiber:** No. What was the name—Mathias?

**Mr. Russ Hiebert:** It was Philip Mathias.

**Mr. Karlheinz Schreiber:** I told you earlier, I was in Switzerland and all the stuff was here, though I was not around.

**Mr. Russ Hiebert:** You had never spoken with Mr. Mathias before the libel suit by Mr. Mulroney?

**Mr. Karlheinz Schreiber:** No. I probably did on the telephone.

**Mr. Russ Hiebert:** So you had spoken with him?

**Mr. Karlheinz Schreiber:** Yes. You asked if I had met with him.

**Mr. Russ Hiebert:** No, I said met him or spoke with him.

**Mr. Karlheinz Schreiber:** Well, perhaps I did on the telephone. He was very close to Elmer MacKay. Otherwise, how would I have known him?

**Mr. Russ Hiebert:** Fair enough.

Are you aware that Mr. Mathias received a copy of the Department of Justice letter regarding the alleged Airbus kickbacks that was sent to the Swiss authorities?

**Mr. Karlheinz Schreiber:** I saw this on *The Fifth Estate*, yes.

**Mr. Russ Hiebert:** Are you aware that this letter was the basis for the libel suit that had the Canadian government pay \$2.1 million to Mr. Mulroney to cover his legal expenses?

**Mr. Karlheinz Schreiber:** No.

**Mr. Russ Hiebert:** You're not aware of the fact that this letter was the basis—

**Mr. Karlheinz Schreiber:** No, but pretty soon we got the official English translation from the Swiss. I don't know which translation Mr. Mulroney used.

**Mr. Russ Hiebert:** My question is more general than that. Are you aware that it was the letter that was leaked to Mr. Mathias that was the basis for the libel suit?

**Mr. Karlheinz Schreiber:** No. I just told you. A short time after came the official translation from the Canadian government from the Swiss Department of Justice, so how do I know which one he used? He could have used this or the other one.

**Mr. Russ Hiebert:** Mr. Schreiber, do you know a person by the name of George Wolff?

• (1220)

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Russ Hiebert:** How do you know him? Have you ever met or spoken with him?

**Mr. Karlheinz Schreiber:** Yes. He was a journalist from CTV. He was the one who made Giorgio Pelossi confess during his program that he stole the money and that he is not the guilty guy, but I am the guilty guy, and that if I would have paid him, Mulroney would not be in trouble. This is through George Wolff.

**Mr. Russ Hiebert:** Are you aware that Mr. Wolff has claimed that you "selected" Mr. Mathias?

**Mr. Karlheinz Schreiber:** Selected Mr. Mathias?

**Mr. Russ Hiebert:** He used the words—

**Mr. Karlheinz Schreiber:** What for?

**Mr. Russ Hiebert:** That's where my line of questioning is going. Are you aware that he's made that statement?

**Mr. Karlheinz Schreiber:** Yes. I saw this in the *Fifth Estate* program, and I called him about this and asked him what it means and how he can explain this nonsense, and the explanation was finally that he was mad at me, and I didn't even know why. He told me he left his job from CTV because he never got an exclusive story from me. But he was in Switzerland, and he was the one who took photos from me and sold them to Philip Mathias.

**Mr. Russ Hiebert:** Did you ever make the statement that you selected Mr. Mathias?

**Mr. Karlheinz Schreiber:** For the Airbus story, yes, I did. This is why Mr. Mathias got a journalist award, on this story. It was two pages, a really good story.

**Mr. Russ Hiebert:** So you had said that you had selected Mr. Mathias?

**Mr. Karlheinz Schreiber:** For the Airbus story, yes.

**Mr. Russ Hiebert:** Okay.

What did you mean by that statement, that you selected—

**Mr. Karlheinz Schreiber:** I cannot even discuss with you whether I say I selected....

Philip Mathias' address was brought to me from Elmer MacKay, and that he was with the *National Post*. I was with other people from the *National Post* in the Atlantic Bölkow organization. I learned he was a good journalist, and I gave him the story. You can read that story in his paper.

**Mr. Russ Hiebert:** Mr. Wolff believes that you were the one who gave the letter from the Swiss authorities to Mr. Mathias.

**Mr. Karlheinz Schreiber:** I cannot help what Mr. Wolff believes.

**Mr. Russ Hiebert:** Did you have anything to do with how Mr. Mathias got a copy of that letter?

**Mr. Karlheinz Schreiber:** No.

**Mr. Russ Hiebert:** How do you believe Mr. Mathias got that letter?

**Mr. Karlheinz Schreiber:** I don't care.

**Mr. Russ Hiebert:** How do you believe he got the letter?

**Mr. Karlheinz Schreiber:** There are quite a few possibilities. He could have spoken to Frank Moores, he could have spoken to my lawyer, he could have got it from Mr. Mulroney's people. How do I know?

**Mr. Russ Hiebert:** Mr. Schreiber, you've spent a lot of time and money fighting extradition to Germany. Can you tell us how many times you have appeared before the Ontario Superior Court of Justice?

**Mr. Karlheinz Schreiber:** I have no idea. It has been for four or five years with an excellent judge with the name of David Watt.

**Mr. Russ Hiebert:** At a guess, how many times have you appeared before the Ontario Superior Court?

**Mr. Karlheinz Schreiber:** From 1999 to.... I have no idea.

**Mr. Russ Hiebert:** Would it be five, ten, twenty?

**Mr. Karlheinz Schreiber:** I have no idea; it could be twenty times, thirty times. I have no recollection any more.

**Mr. Russ Hiebert:** Okay.

How many times have you appeared before the Federal Court on this matter?

**Mr. Karlheinz Schreiber:** The Federal Court? This is a little bit difficult to say. We had first a case around my lawsuit—

**Mr. Russ Hiebert:** Just give us a number.

**Mr. Karlheinz Schreiber:** When the letter of request was sent to Switzerland this went up to the Supreme Court and came from the Federal Court. Then we had another Federal Court case in Halifax, and now I am in the appeal on that, yes.

**Mr. Russ Hiebert:** So it was several times?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Russ Hiebert:** How many times have you appealed your extradition to the Ontario Court of Appeal?

**Mr. Karlheinz Schreiber:** I don't know.

**Mr. Russ Hiebert:** Just a guess—how many times?

**Mr. Karlheinz Schreiber:** Three, four, five.

**Mr. Russ Hiebert:** Three or four or five times; okay.

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Russ Hiebert:** Okay.

How many times have you appealed your extradition to the Supreme Court of Canada?

**Mr. Karlheinz Schreiber:** I think.... Now, we have to be careful what we are talking about. One is the normal process. The extradition comes from the extradition court. It takes also the decision from the minister. Then it goes to the appeal court, and then it goes to the Supreme Court. That's number one. But I had other questions to be dealt with, which went up to the Supreme Court in asking for leave. That was the pre-judgment in Germany or other items, yes.

**Mr. Russ Hiebert:** How many times have you appeared before the Supreme Court on this issue?

**Mr. Karlheinz Schreiber:** Appeared?

**Mr. Russ Hiebert:** Or appealed.

**Mr. Karlheinz Schreiber:** Perhaps three times.

**Mr. Russ Hiebert:** Okay.

Mr. Schreiber, after *The Fifth Estate* program on February 8, 2006, did you meet with the RCMP in your lawyer's office?

● (1225)

**Mr. Karlheinz Schreiber:** Yes.

Now I'll make it very simple for you. I asked them to meet with me after we met in the courtroom with Superintendent Matthews. I met with him several times at the Westin related to the MBB stuff. I told them, "If you are not going to stop this nonsense, you may be the next one who is going to sell hot dogs." But it has nothing to do with Airbus, and this is my point. Don't mix them, please.

**Mr. Russ Hiebert:** Have you or anyone acting on your behalf approached the RCMP to offer to make a deal that would have you avoid extradition?

**Mr. Karlheinz Schreiber:** Are you asking whether anybody made a deal with me?

**Mr. Russ Hiebert:** Have you or somebody on your behalf ever approached the RCMP about offering to make a deal to give them information so that you could avoid extradition?

**Mr. Karlheinz Schreiber:** I had not such a discussion with them, and I don't know.

**Mr. Russ Hiebert:** You're not sure?

**Mr. Karlheinz Schreiber:** I am not sure, no. I for sure did not speak with them about any deal.

**Mr. Russ Hiebert:** Has anybody on your behalf?

**Mr. Karlheinz Schreiber:** I don't know.

**Mr. Russ Hiebert:** Mr. Schreiber, when you first appeared before this committee you told us that you were the victim—

**The Chair:** You have a minute left.

**Mr. Russ Hiebert:** Okay. Thank you, Mr. Chair.

You said that you were the victim and you finally wanted to tell your side of the story, yet you haven't really told us anything new; in fact, you have been using your immunity in Parliament to cast aspersions and to make victims of other individuals without providing a shred of evidence. Is it your hope that by name-dropping and by maligning numerous high-profile individuals, you'll delay and possibly avoid extradition back to Germany?

**Mr. Karlheinz Schreiber:** No. I tried all the time, and I think you are pretty much aware that this has been going on since 1996, either in a courtroom or in front of an inquiry, which for years I asked for. I hope very much that the Conservatives finally do it to bring out the truth. On top of this, if I could get my day in court in Canada, all Canadians could see what the Germans and the Canadians together have fabricated, and they would be shocked. And I would be happy to do that every day, sir.

**The Chair:** Your time is up.

Colleagues, I'd like to propose to you how we finish off the remaining time. It would appear that we can have one more complete round. So each party has one more round. It will take us to about 1:05.

There have been discussions among all the parties. I understand that it's acceptable to the members that our in camera session not be held after this meeting. Rather, we will meet tomorrow at approximately 5:30 for one hour, if that's acceptable to members.

If there are no questions, we'll proceed now with Mr. Dhaliwal for ten minutes.

**Mr. Sukh Dhaliwal (Newton—North Delta, Lib.):** Thank you, Mr. Chair.

Mr. Schreiber, thanks for coming back again.

Can you tell me, what was Mr. Brian Mulroney's reaction when he got the first envelope with \$100,000 in cash?

**Mr. Karlheinz Schreiber:** Oh, he was very happy and he said "Thank you".

**Mr. Sukh Dhaliwal:** That's very nice.

Mr. Schreiber, you mentioned the guest house at 7 Rideau Gate. Why mention this guest house if you moved on to the Sussex side for breakfast?

**Mr. Karlheinz Schreiber:** It was agreed upon between Mr. MacKay and Mr. Mulroney to meet at this guest house. I even think that Elmer MacKay and I went there, but then we were asked to come to the other building.

**Mr. Sukh Dhaliwal:** Did you know that this guest house was for foreign guests?

**Mr. Karlheinz Schreiber:** It was what?

**Mr. Sukh Dhaliwal:** It was for foreign guests, this building there.

**Mr. Karlheinz Schreiber:** No.

**Mr. Sukh Dhaliwal:** Is it possible that any German dignitaries were present in town at that time?

**Mr. Karlheinz Schreiber:** No.

**Mr. Sukh Dhaliwal:** Can you get back to the committee with the date of this meeting, please, if possible?

**Mr. Karlheinz Schreiber:** I can try to do my best. Probably I would be able to if Elmer MacKay's office took notes, but from my side, at the moment, I would be unable to tell you.

**Mr. Sukh Dhaliwal:** Thank you.

Did you alone have access to the Frankfurt account?

**Mr. Karlheinz Schreiber:** Yes. Now, hang on. I think my wife had the proxy.

**Mr. Sukh Dhaliwal:** How much money was in the Frankfurt account originally?

**Mr. Karlheinz Schreiber:** I have no idea. Sir, to make it clear to you, this was just like a stop station. It comes from IAL, goes to Frankfurt, then Mr. Moores decides it goes to Mr. Moores' account, goes to Mr. Ouellet's account, or goes to trust companies or whatever.

• (1230)

**Mr. Sukh Dhaliwal:** So was the remainder \$500,000?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Sukh Dhaliwal:** It was for Mr. Brian Mulroney.

**Mr. Karlheinz Schreiber:** Well, it could have been somebody else. If somebody else would have worked for the project, I would have taken it from there for the project.

**Mr. Sukh Dhaliwal:** For what services was this money sitting there in the account?

**Mr. Karlheinz Schreiber:** The money was there because from the \$4 million, which we received from Thyssen—the success fee for the agreement.... And now nothing happened, and the project was in the air. So I had to hope. If something came up, I would have needed some financing to go ahead, and this is what it was for.

**Mr. Sukh Dhaliwal:** For what services? We talked about Mr. Mulroney. Was it for the past services or for present services or for future services?

**Mr. Karlheinz Schreiber:** Look, I told you already, the pasta business is pure nonsense. This didn't exist at the time.

**Mr. Sukh Dhaliwal:** So basically it was to do with the present or the—

**Mr. Karlheinz Schreiber:** It was for the Bear Head project and nothing else.

**Mr. Sukh Dhaliwal:** Who would have the best records for this Frankfurt account? Would you be able to help the committee with those records?

**Mr. Karlheinz Schreiber:** I can try from the Swiss bank, because I don't have them. They may be on the Internet from *The Fifth Estate*. They have an enormous data bank. I am quite often surprised by how much they have and how organized they are.

**Mr. Sukh Dhaliwal:** You said today that Thyssen knew that Mr. Brian Mulroney was working on the Bear Head. When exactly did they know?

**Mr. Karlheinz Schreiber:** We have to separate this.

Number one is that Mr. Mulroney supported the Bear Head project and this is what he told the executives from Thyssen when they visited Ottawa and met with Mr. Mulroney.

Number two, I told them that probably they'd have another chance after the election.

So these are the two.

**Mr. Sukh Dhaliwal:** What exactly did Thyssen think he was doing for the Bear Head project?

**Mr. Karlheinz Schreiber:** What do you mean by that?

**Mr. Sukh Dhaliwal:** When you told Thyssen and Brian Mulroney about the—

**Mr. Karlheinz Schreiber:** They would have expected Brian Mulroney was doing the same thing GCI had done before.

**Mr. Sukh Dhaliwal:** Okay.

I'm going to move on now to your letters, Mr. Schreiber, on the Bear Head project. In your letter dated May 22, 1992, you wrote:

Dear Prime Minister,

As promised I write to keep you informed of recent events which have occurred as I proceed to realize our project by the method which I agreed with you during the last meeting.

Am I correct in my understanding that your meeting with Mr. Brian Mulroney that you referred to took place in early 1992? Is this the same meeting—May 1992?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Sukh Dhaliwal:** Who else was present there? There must have been staff, because it was the Prime Minister.

**Mr. Karlheinz Schreiber:** I have no idea. It could have been Fred Doucet. It could have been Frank Moores.

**Mr. Sukh Dhaliwal:** So you don't recall?

**Mr. Karlheinz Schreiber:** Normally some of them were with me when I met with Brian Mulroney.

**Mr. Sukh Dhaliwal:** At this meeting, was the possibility of developing the Bear Head project in Quebec discussed?

**Mr. Karlheinz Schreiber:** This is what it deals with. It shows you here. It was—

**Mr. Sukh Dhaliwal:** No, I just wanted to confirm—

**Mr. Karlheinz Schreiber:** Mr. Lay, Mr. Corbeil, and Mr. Bouchard. This is why I said earlier that Mr. Bouchard should know a lot about all of this.

**Mr. Sukh Dhaliwal:** Did you have other meetings with Prime Minister Brian Mulroney where you personally discussed the Bear Head project?

**Mr. Karlheinz Schreiber:** Whenever I met with him I discussed the Bear Head project. It was my job.

**Mr. Sukh Dhaliwal:** Okay. Can you tell me how many?

**Mr. Karlheinz Schreiber:** Let me make something clear here. Once in a while I have this impression, when I look at the media, that one morning I woke up and said “Now I'm going to Canada to do the Bear Head project.” This is nonsense.

Thyssen was invited by the Canadian government to bring jobs to Nova Scotia. It was through the Canadian embassy, when Mr. McPhail used to be the ambassador. And it was Sinclair Stevens who came to Germany and begged for that.

**Mr. Sukh Dhaliwal:** Mr. Schreiber, I wanted to know who else was present in those meetings.

• (1235)

**Mr. Karlheinz Schreiber:** It could have been executives from Thyssen. I still have a funny gift in my place, a locomotive, big like this, with an extra seat in it. A Thyssen executive brought it here because Henschel is number one in locomotives. It has a nice sign on it: “Locomotives and prime ministers have something in common. They put things in motion.”

**Mr. Sukh Dhaliwal:** I'd like to go forward to this year, to a letter you sent to Mr. Mulroney on April 14, 2007, where you responded to an assertion by Mr. Mulroney's lawyer that he does not owe you any money. You wrote:

I have a different understanding and I recommend that you will ask your friend Fred Doucet helping you to refresh your memory concerning the money and what it was for.

This is in reference to the \$300,000 you gave Mr. Mulroney in 1993 and 1994 to promote the Bear Head project. Is that correct?

**Mr. Karlheinz Schreiber:** Yes. You see, when he was in New York, Mr. Doucet was around. He knows what the money was for.

**Mr. Sukh Dhaliwal:** From this letter I take it that Mr. Doucet knew you provided Mr. Mulroney with some money?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Sukh Dhaliwal:** And we know you have said Mr. Doucet was involved in setting up the June 23, 1993 meeting at Harrington Lake.

**Mr. Karlheinz Schreiber:** And at the Queen Elizabeth, and at New York.

**Mr. Sukh Dhaliwal:** So it means he was involved in the setting up of all the meetings, then?

**Mr. Karlheinz Schreiber:** Yes. In New York he was even present.

**Mr. Sukh Dhaliwal:** Thank you.

One last letter concerns your agreement with Mr. Mulroney to promote the Bear Head project. In your July 2004 letter to Mr. Mulroney, you wrote: “Is Brian Mulroney Canada's greatest deal broker? Ever? I say: Yes! I saw it already coming when I met you at Harrington Lake.”

What was it about the agreement you struck with Mr. Mulroney at Harrington Lake that leads you to call him Canada's greatest deal broker?

**Mr. Karlheinz Schreiber:** When you see this brochure from *The Globe and Mail*, it shows how many companies Mr. Mulroney is involved in worldwide, from Barrick Gold to American Express, or whatever. This is what I saw. This is what I saw his future would be as a previous prime minister, with enormous contacts all over the world.

**Mr. Sukh Dhaliwal:** Did he drive a hard bargain with you? What were his demands?

**Mr. Karlheinz Schreiber:** Oh, no, he didn't bargain with me. There was no room for any bargaining.

**The Chair:** Mr. Sukh Dhaliwal, I'll now move to Mr. Tilson, please, for ten minutes.

**Mr. David Tilson:** Mr. Schreiber, you've produced a number of documents and you've produced something today, which members of the committee have yet to see. Do you have any other documents in your possession, or through your counsel or through your agents anywhere, that could substantiate some of the things you are telling the committee?

**Mr. Karlheinz Schreiber:** In what way?

**Mr. David Tilson:** Well, sir, you've made a number of allegations and a number of statements.

**Mr. Karlheinz Schreiber:** Perhaps you could look at the documents I brought today.

**Mr. David Tilson:** I appreciate that you've given us some, sir. I want to know whether there are any other documents you may have that could substantiate the information, the allegations and the statements you've been making to this committee.

**Mr. Karlheinz Schreiber:** It depends what it is, yes. As I've told you, my lawyers are packed with all this material, because it's part of my lawsuit.

**Mr. David Tilson:** Your answer to that is yes, sir?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. David Tilson:** When will we get those?

**Mr. Karlheinz Schreiber:** Well, we've discussed this already, and I spoke to....

**Mr. David Tilson:** No, we haven't, sir. My question to you some time ago was on whether you would produce all of your documents. You've produced some, and you're now telling us there are more documents. I'm specifically interested in the documents you have that relate to the statements and information you're giving this committee.

**Mr. Karlheinz Schreiber:** Yes, that's a problem. I selected those, and I'm looking for those, and I continue to do so.

I can tell you quite frankly, sir, I spoke to my lawyer and he asked what the hell I would do with all these documents, the legal stuff. When you look at what is relevant for your questions and the committee, it would not help you.

**Mr. David Tilson:** Sir, I'm specifically asking about the documents you have to substantiate the allegations and statements that you're making. Do you have those?

**Mr. Karlheinz Schreiber:** Yes, that is why I was asked at the beginning to look at my files and to prepare myself to bring to the committee important material that is relevant to you. What can I do?

• (1240)

**Mr. David Tilson:** Well, sir, you've had two weeks.

I'm simply asking you this again. We'd like those documents, the documents you undertook to produce to us. My question is when will we get those documents?

**Mr. Karlheinz Schreiber:** I continue, but allow me to tell you that I do not have 24 hours a day for only these things. I have to live also. Do you understand?

I've tried my best, and you better look at this first. If the committee wants more on this, I can probably produce more for specific questions that you want and need. Otherwise, with the time you have available, this brings you nowhere.

I am here to help you. I'm not against you.

**Mr. David Tilson:** I hope so.

**Mr. Karlheinz Schreiber:** Well, I asked for the inquiry. You are obviously against it. That's a problem.

**Mr. David Tilson:** Sir, I'm simply asking for the documents. But it appears that you're flustering on this, so I won't proceed any more.

**Mr. Karlheinz Schreiber:** Let me tell you something. Do you know how the whole business happened, the Trojan Horse, why Max Ward got domestic charter flight rights?

**Mr. David Tilson:** I've read that, sir.

**Mr. Karlheinz Schreiber:** Do you know all that?

**Mr. David Tilson:** I don't want to talk about the Trojan Horse. I want to talk about this inquiry.

**Mr. Karlheinz Schreiber:** Do you know that today the same people look for the same big money, with the same procurements? This is what you should look at.

**Mr. David Tilson:** All right. Sir, you've talked about the public inquiry and that you're looking forward to it. Is there anything that has not been brought to the attention of this committee that you feel will be brought to the attention of the public inquiry?

**Mr. Karlheinz Schreiber:** Yes.

**Mr. David Tilson:** Could you tell us what that is?

**Mr. Karlheinz Schreiber:** The public inquiry will have people and lawyers and will cross-examine. There will be quite a different base from this. You can't do that. We need lots of witnesses to testify.

I want you to understand this. I've said all the time, and I've said it to the media, it doesn't help. The media can push somehow, but people don't tell the truth. People tell the truth when they're under oath and somebody else is around who may recognize when you commit perjury.

This is why I have three lawsuits running and also the inquiry. I think that's easy to understand.

**Mr. David Tilson:** Well, sir, you're under oath. Can you tell us any particular topics that have not been raised at these committee hearings that will be raised at the public inquiry?

**Mr. Karlheinz Schreiber:** Many.

**Mr. David Tilson:** Could you list them?

**Mr. Karlheinz Schreiber:** When you look at all the projects, how they were put together and how they happened, you know they didn't drop from heaven. If there is no project and if there is no agreement, there is no money. So the whole thing with Bear Head had to be in the agreement. The next thing would have been the project. Do you know what the project was? It was an event of \$360 billion—

**Mr. David Tilson:** Okay.

**Mr. Karlheinz Schreiber:** —the replacement of the M-113.

The Airbus was a beginning. When Bob Coates was the Minister of Defence he came out with 4,000 armoured cars. Do you know how much that is? It's \$3 billion. Do you know what the procurement is today at DND and where Fred Doucet is again in nine projects to lobbyists?

**Mr. David Tilson:** I'm asking the questions. You're making the statements.

**Mr. Karlheinz Schreiber:** Yes, but I'm just telling you that is what it is, and today it's the same as it was then, more or less with the same people to fight for big money.

**Mr. David Tilson:** Mr. Del Mastro has some questions.

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you, Mr. Tilson.

Mr. Schreiber, I want to go back to the letters that you gave us as evidence, specifically the letters that you wrote to former Prime Minister Mulroney. Regarding the May 8, 2007 letter, I believe you've contradicted it here at this committee. You testified on Tuesday that the \$300,000 cash you paid to former Prime Minister Mulroney was not a kickback from Air Canada's \$1.8 billion purchase of Airbus jets. You've gone so far as to sue him to get this money back because you allege that he didn't complete the services you had agreed to.

Now, the opposition members have speculated that this money was a bribe or a kickback, but I've never heard of anybody suing for a bribe or a kickback. You certainly wouldn't go to court to sue somebody because you didn't feel you got value for a bribe or a kickback.

**Mr. Karlheinz Schreiber:** Why do you mention this?

**Mr. Dean Del Mastro:** Was this money for consulting, yes or no? There was a contract to be completed by Mr. Mulroney?

**Mr. Karlheinz Schreiber:** Yes, and take it that even if I would hate Mr. Mulroney down to my last bone, which I don't, I would not say things that are not true. The meeting with him at Harrington Lake and the money had completely nothing to do with Airbus. How many times do you want to hear this from me?

**Mr. Dean Del Mastro:** I just appreciate the clarification.

Mr. Van Kesteren.

**Mr. Dave Van Kesteren:** Thank you.

Thank you, Mr. Schreiber.

I want to go on with what Mr. Tilson was talking about. Last Thursday you went into some detail that you're a victim of a conspiracy by the Conservative Party, the Liberal Party, the RCMP. I think you even mentioned that Bavarian prosecutors were out to get you.

•(1245)

**Mr. Karlheinz Schreiber:** Yes.

**Mr. Dave Van Kesteren:** You spent a number of hours testifying before this committee. We've heard some interesting stories. What we haven't heard from you yet is what is being covered up. More specifically, I'm asking you: what is being covered up and what evidence, sir, do you have to substantiate it?

**Mr. Karlheinz Schreiber:** I would say you are right. It is a question that moved. At the beginning it was very clearly.... It went from Allan Rock and it started when he was not even a minister. I have outlined it very clearly in a report I have done, a case report. Then over the times I had always the impression that because the Liberals were driving this, this was the Liberals. And one day Mr. MacKay sent a letter to Mr. Murray from the RCMP and told him, what you are doing is a simultaneous face-saving and ass-covering action. I agree with him.

**Mr. Dave Van Kesteren:** Excuse me, sir. You're doing that again. You're going into some interesting.... Specifically, tell us what specifically is being covered up.

**Mr. Karlheinz Schreiber:** Specifically, the problem is all the wrongdoing from the officials with the RCMP and the justice department. That these people are fighting like hell for their own personal interests is very clear.

I'll give you an example: Fraser Fiegenwald lost his job—you know, the RCMP guy, who then had to sell hot dogs to get a lawyer. My question is, when he was the one who was leaking things and had to be fired because he spoke to a journalist and violated his oath, what about all the others who did the same thing? That's one question.

The other one.... Mrs. Cameron was a police informant, and he was entitled to speak to her. Why was he fired? This is one of the questions, for example.

This goes on and on, and now you may understand one thing: I am suing exactly these people, and they are against me in my lawsuit in Alberta. At the same time, the same people from the same group go to Germany and prepare the record of the case against me, send it to themselves, permit it, and issue an arrest warrant. Then, are you telling me there is no conflict of interest? So that's one thing.

Now, when the whole thing was over and the Conservatives, in my opinion at the time.... Thank the Lord, now they are there and now we are going to clean up this horrible mess the Liberals have done all the years—and nothing happens. Suddenly I've found out the pressure comes from there. What's the reason for this? For this, there are many reasons.

This is what I am very much interested to find out in an inquiry.

**The Chair:** Final question.

**Mr. Dave Van Kesteren:** Forgive me, sir, we don't have much time.

It sounds as if you've got a persecution complex. We don't have specific cases. We need something more specific. You're telling us about generalities.

**Mr. Karlheinz Schreiber:** It's simple. Do what I asked for, the same thing as the Germans do with their citizens. Put me in front of a Canadian court. Don't you think how much I would love this, when all Canadians find out what a mess it is in the RCMP, the Ministry of Justice, and this government? I would love to disclose this to all Canadians. I think you should have the same interest, because it's a huge mess.

**The Chair:** Thank you very much.

Madame Lavallée.

[*Translation*]

**Mrs. Carole Lavallée:** Thank you very much.

I would like to go back to the letter of May 8 again because what you told me earlier, Mr. Schreiber, is absolutely nothing. You told me nothing.

I don't understand, in the circumstances, why you threatened Mr. Mulroney in writing to reveal anything at all because you knew nothing, apart a rumour, hearsay.

How could Mr. Mulroney consider that a threat? You don't even know the name of his lawyer in Switzerland. You know nothing.

[English]

**Mr. Karlheinz Schreiber:** Mr. Mulroney may have an understanding of what other people may say about this. I refer now.... I come back to witnesses and other people who may have to say something about it. On top of this, it was not a threat from my side, ma'am. I asked him to do what he was asking for for 12 years—a public inquiry. When you look at his book and you look at the last letter I sent to the Prime Minister and you see what Mr. Mulroney is saying, what we have to fight in this country, it looks to me.... I'm a very good fighter, exactly on that battlefield of Mr. Harper and Mr. Mulroney. But it looks to me as if I'm the only warrior here.

• (1250)

[Translation]

**Mrs. Carole Lavallée:** Tell me how much Mr. Mulroney received, and from whom exactly? I don't just want hearsay.

What exactly are the indications or the information you have on the fact that Mr. Mulroney received other amounts of money from GCI, from Frank Moores and company?

If you want to fight, do it, but give us the information.

[English]

**Mr. Karlheinz Schreiber:** Well, for example, I told you about this agreement that I understood was made before the event had started to get Brian Mulroney to become Prime Minister. Here is something funny: There is Walter Wolf, who was a key figure, with money in the case; there is Gary Ouellet, who was a key figure; and here is Karlheinz Schreiber. None of the three is in the book.

So now I wanted to remind him that I was present when this was all discussed, what the future is. And in that case it was not GCI but Altanova; that was how it started out. And yes, I think he should know what's going on, and he should know that there might be other people coming forward and saying things, because I cannot get it that nobody can get an answer from him as to what the money was for. I told him in my letter, why couldn't you say from the beginning what your wife told you—tell the truth. There was no problem with the \$300,000. I don't know why the man is so scared. I don't know why he did not fulfill his commitments to help finance my lawsuit out in Alberta from 1997.

There was another crazy event when he suddenly, out of the blue, not that long ago, came and said I had rented a suite at the Chateau Laurier to embarrass him and the Prime Minister, Mr. Harper, on the event when Mr. Mulroney was honoured for the Canadian-Ukrainian relationship. I didn't know what it was all about. It was nonsense. But he was so wild on this that in the middle of night I called my lawyer in Edmonton, because—I have to say this—Mr. MacKay had enough from all this and he didn't want to be involved in it any more. So he called my lawyer again in Edmonton and asked him. I had not the smallest clue. Again he said, "Look, tell Mr. Schreiber I'm helping him." But the next morning, when we tried to serve him as we had agreed upon in the other lawsuit, where I asked for the payback of the \$300,000, he told the person who was there to serve him, "No, no, no, this is all over; we are friends again and we agreed to this."

I don't get it any more, but you may get the answers on Thursday.

[Translation]

**Mrs. Carole Lavallée:** You didn't answer my question. You gave me no figures. You haven't given me any concrete facts supporting what you advance in the letter of May 8. Ultimately, I can only note that you haven't answered.

Now I'm going to talk to you about GCI's role. You know that GCI and Frank Moores always denied that they had lobbied for Airbus. They contended that their client was MBB Helicopter.

Can you, who were intimately involved in the matter, tell me about the involvement of Frank Moores and GCI in the Airbus affair?

[English]

**Mr. Karlheinz Schreiber:** Well, officially, as far as I know—this is why I showed you the letter—this was always announced and declared, that GCI had nothing to do with Airbus. Maybe that's correct, that they had no direct contact with Airbus Industrie. Yes, maybe, whether you like it or not.

But when the president from GCI has correspondence with the chairman from Airbus Industrie.... You should have seen this in the document. If that is not telling you enough, I cannot help you.

[Translation]

**Mrs. Carole Lavallée:** Who at GCI worked directly or indirectly for Airbus?

[English]

**Mr. Karlheinz Schreiber:** I'm not aware whether anybody ever worked directly for Airbus. Would that have meant they showed up, or what? I have no recollection on this. There were so many rumours and so many people approached me on it that it would fill a week if I'd tell you all the stories around this. This is why I said you don't even know, so far, how the Airbus deal was done. One day, I think—the day will come, and if it's not with you it will be with the inquiry—I will say how fantastic that was done, the Airbus deal. It started in Alberta; it didn't even start in Ottawa.

• (1255)

[Translation]

**Mrs. Carole Lavallée:** You know how the Airbus deal was done? Tell us.

[English]

**Mr. Karlheinz Schreiber:** Sure, I know. It was brilliant. It was in the way, when I made the concept for it—and this was, by the way, in the article from Philip Mathias, and I don't know from whom he got it, I think from Boeing—Mr. Strauss said to me, "Karlheinz, either you are an idiot or a genius, but don't worry, this is always very close together." I was not the idiot; I made it. And the European aircraft industry survived.

[Translation]

**Mrs. Carole Lavallée:** How was the contract entered into? You say you commented on the contract. You said you were a genius, but, apart from that, how was it done?

[English]

**Mr. Karlheinz Schreiber:** Yes, it worked with a Trojan Horse. It worked with a Trojan Horse. The Trojan Horse was Max Ward and domestic flying rights—sometime you will get what that means—flying in competition against Air Canada, which would have bankrupt Air Canada because it had the wrong equipment. The Airbus had perhaps half of the fuel consumption needed by the 727s and perhaps two and three times the passenger and cargo capacity. That comparison was good. But when you saw the fear from the Americans, and that was in the *Toronto Star* article.... It was that as soon as the Airbus would fly on solid soil against the Boeing or the American aircraft of the day, everybody would have lost.

Keep in mind it was Max Ward, it was Canadian, it was Air Canada, and it was 110 Airbus to Northwest Orient Airlines in the United States. I am very proud of this, ma'am.

[Translation]

**Mrs. Carole Lavallée:** You seem very proud indeed, but you should tell us what specific role you played with GCI in the affair.

[English]

**Mr. Karlheinz Schreiber:** Yes. The point was that Max Ward, as a thank you, received the domestic flying rights. Otherwise, he could not use the Airbus. But by doing it, flying against Air Canada in competition, Air Canada was forced to buy equipment that was of similar quality to compete.

And we tried this first with Pacific Western in Alberta, an airline that belonged to the province, in combination with Max Ward. Oh yes, it's a hell of a story, but it was told.

[Translation]

**Mrs. Carole Lavallée:** Was it that kind of conversation you had with Mr. Mulroney? You met him four, five, perhaps six times in various places, Montreal, New York and Switzerland. I imagine you didn't just transfer money and that you had a conversation with Mr. Mulroney on various topics.

You didn't just hand over \$100,000 and say goodbye.

[English]

**Mr. Karlheinz Schreiber:** I can tell you one thing, that I never mentioned Airbus to him, and I was very, very sensitive on this. And you may take it as a fact that I met quite often with Claude Taylor, and I didn't mention it, but I was then approached by other members of the board from Air Canada—Peter Bawden, with his friend John Lundrigan—who wanted just \$400,000 from me, and I would never get the Airbus contract done. And Mazankowski owes him the contract. The nonsense, you wouldn't believe it.

Ma'am, it's a fight for money. It is a world you are not in, and it is tough for you to understand.

**The Chair:** Merci.

Finally, Mr. Martin.

**Mr. Pat Martin:** Mr. Schreiber, I have a series of fairly short questions for you.

Mr. Hiebert seemed to have very detailed information about a meeting in your office between you and your lawyer and the RCMP. Did either you or your lawyer tell Mr. Hiebert about that meeting?

**Mr. Karlheinz Schreiber:** Well, we had a very intensive meeting with the lawyers because of my complaints—

**Mr. Pat Martin:** No, that isn't my question. I'm not even interested in that.

Who told Mr. Hiebert about that meeting? Was it you or your lawyer? Neither?

**Mr. Karlheinz Schreiber:** No.

**Mr. Pat Martin:** Well then I wonder who would have given Mr. Hiebert such detailed information if only the RCMP were the other people in the room. That worries me.

• (1300)

**Mr. Karlheinz Schreiber:** Now, since you say it, you are right, yes.

**Mr. Pat Martin:** That worries me very, very much, perhaps more than anything else I've heard today.

**Mr. Karlheinz Schreiber:** It's not me, not me. It's RCMP. What are you talking about?

**Mr. Pat Martin:** If it wasn't you or your lawyer. That's a very deep concern to me.

I have another brief question. Mr. Mulroney is probably going to say, when he comes here on Thursday, that taking that money from you was the biggest mistake he ever made in his life. He's already said that.

**Mr. Karlheinz Schreiber:** It's up to him.

**Mr. Pat Martin:** Did he ever try to give it back to you?

**Mr. Karlheinz Schreiber:** The problem is, he tells me he doesn't owe me any money. And I want to know, okay, if you don't owe me any money, then you must have either done something for me, or you have the understanding that I owe you money. And I would like to ask him, "Do you get the idea, since I did not send money to your lawyer in Geneva on the request of Fred Doucet, that I owe you that money, which I did not send on your request to the lawyer?"

Oh, I have a lot of questions for him when it comes to the lawsuit.

**Mr. Pat Martin:** Yes, and that's the nature of the lawsuit.

Now, your good friend Elmer MacKay did a lot for you over the years while he was—

**Mr. Karlheinz Schreiber:** He did not do a lot for me, sir.

**Mr. Pat Martin:** I'm sorry?

**Mr. Karlheinz Schreiber:** He did not do a lot for me, not at all.

**Mr. Pat Martin:** Well, he was a good and loyal friend to you over the years.

**Mr. Karlheinz Schreiber:** He tried to do the best for the people in Nova Scotia, which he was supposed to do, and what he promised to the Thyssen people. And it went so far that we celebrated already.

**Mr. Pat Martin:** I have very little time.

Was he a shareholder in GCI?

**Mr. Karlheinz Schreiber:** No.

**Mr. Pat Martin:** Did he ever receive any material benefit from you?

**Mr. Karlheinz Schreiber:** No.

**Mr. Pat Martin:** In any way, shape, or form?

**Mr. Karlheinz Schreiber:** No. He's a rich man. I think you know that.

**Mr. Pat Martin:** I do.

Mr. Schreiber, perhaps the most valuable thing you have shared with us here today, and something that I appreciate very much, is you've done the Canadian public a great service by one comment you made: that it could be, and it is likely, that exactly the same kind of influence peddling, big money, corporate lobbying that you were doing is going on today, as we speak, by guys like Fred Doucet running roughshod over everything that's good and decent about Canadian business and Canadian government. That is a revelation I think Canadians should take note of.

**Mr. Karlheinz Schreiber:** Sir, you have only to look at the ministries. Where are the budgets? Transport and defence are the main.... Now, look at the Minto deal, look at the deal in Nova Scotia going to—

**Mr. Pat Martin:** Submarines.

**Mr. Karlheinz Schreiber:** Look at the submarines, nine procurement.... And Peter MacKay was moved from foreign affairs to defence. I could think perhaps he went there or was moved there because foreign affairs has no budget.

Then comes the question: who governs Canada? Maybe the Prime Minister doesn't even know. Could be. He is so isolated, perhaps, around the group from Mulroney. What can I do?

**Mr. Pat Martin:** It's also interesting to note that the Conservative government has never implemented the regulations to tie a bell around lobbyists' necks that we passed in the Federal Accountability Act just one year ago. The anniversary is Wednesday, I believe. They've never implemented those changes to try to change the way lobbying is done in this country.

The difference between lobbying and influence peddling, they say, is about five years in prison. Do you believe that the type of lobbying undergone or taken up by the Fred Doucets of the world more accurately should be described as influence peddling?

**Mr. Karlheinz Schreiber:** It is. It is influence peddling in every way, because when you go.... I don't want to be mean to you. If you were in your constituency looking for some donations for your party because an election was on, you wouldn't go to an old folks home or mental clinics, you would go to people with money, right?

This was the problem for Mr. Strauss. We had elections going constantly, and he had to beg. Now, this is—

**Mr. Pat Martin:** He had to what, sir?

**Mr. Karlheinz Schreiber:** To ask for money, beg.

Now, this is a fantastic thing. It is your job to look after your constituency. Here you are together with the entrepreneur of a company and with the unions, because of the jobs. If you ruin a contract that could go to that company because you are too stupid to get it—it goes somewhere else—I wonder whether you would get elected the next time.

**Mr. Pat Martin:** I see your point.

I'm going to share my time with my colleague.

[Translation]

**Mr. Thomas Mulcair:** Thank you, Mr. Chair. I briefly want to go back to one question.

We tend to forget that all this concerns the settlement in the Airbus affair.

Here's a reminder of the facts. In March 1988, Air Canada bought 34 Airbus aircraft for \$1.8 million each. On June 24, 1993, under the Interpretation Act, Mr. Mulroney ceased to be the Prime Minister of Canada. In March 1995, an article published in *Der Spiegel* named Mr. Schreiber. On September 29, Canadian authorities made a request to Swiss authorities. On November 18, the letter was published in the *Financial Post*. On November 20, Mr. Mulroney sued the government for \$50 million. In January 1997, Mr. Mulroney received \$2.1 million from taxpayers to settle the Airbus affair.

My question to Mr. Schreiber is very specific. Between the publication of your name in *Der Spiegel* in January 1997, the date of the settlement, and the payment of \$2.1 million of taxpayers' money to Mr. Mulroney in connection with this affair, did anyone from the RCMP speak to you, Karlheinz Schreiber?

• (1305)

[English]

**Mr. Karlheinz Schreiber:** This is a joke, because if they had spoken to me, they would have heard the same thing you hear today, and there would have been no settlement. The answer is no.

[Translation]

**Mr. Thomas Mulcair:** Before saying this is a joke, would you just be kind enough to answer?

Did the RCMP speak to you before January 1997?

[English]

**Mr. Karlheinz Schreiber:** I told you already twice. No.

[Translation]

**Mr. Thomas Mulcair:** Very well. An RCMP spokesman stated publicly, the day after your last appearance here, that they had indeed spoken to you, but that the dates were unclear.

I am grateful to you for answering so clearly.

[English]

**Mr. Karlheinz Schreiber:** No. Sir, forgive me when I repeat myself. If the RCMP would have asked me, I would have said the same thing I said to you. How could there ever be a settlement? I don't know what this is all about. There was not one word from anybody.

**Mr. Thomas Mulcair:** It's an important matter for us. My colleague and I have been asking about it and we got the answers in French, and it's important for us to walk through the chronology.

**Mr. Karlheinz Schreiber:** Yes, and I understand and I'm surprised that the RCMP lies again.

**Mr. Thomas Mulcair:** Thank you, Mr. Chairman.

**The Chair:** That's it? Thank you.

Colleagues, thank you kindly for the latitude.

Now, there have been discussions among all parties that rather than having the in camera at 209 West Block, we will forgo that. We will give you notice today of a meeting later tomorrow afternoon, around the votes. It will be for one hour.

Order, please. Quiet in the room, please.

Mr. Schreiber, as you know, we're going to be moving forward with other witnesses, so I thought I would just ask you one last question. You had asked for an opportunity to tell your story to Canadians, and I'm asking you whether, to the best of your

knowledge and belief, you have brought to the attention of this committee all material matters related to the motion before us.

**Mr. Karlheinz Schreiber:** Yes, and I think I can add more.

*[Laughter]*

**The Chair:** We undoubtedly will have you back, Mr. Schreiber. I can't tell you exactly when, but we will certainly give you sufficient advance notice.

The meeting is adjourned.

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