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Chair

Mr. Paul Szabo

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• (1530)

[English]

The Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Good afternoon.

This is the 14th meeting of the Standing Committee on Access to Information, Privacy and Ethics. The order of the day is pursuant to Standing Order 108(2), the study of the Mulroney Airbus settlement.

Before we begin, colleagues, I'd simply like to remind you of the understanding we arrived at, at our meeting last week, that witnesses were paired up during this period, where we had one comprehensive witness and we had another witness who would maybe have a less broad range of question areas.

I anticipate that this meeting will be similar to the last one, and with the first witness we will probably go two complete rounds, we'll have a five-minute break, and then we will go to our second witness and carry on at least for a first round and a little longer if the committee so desires.

Our first witness today is Mr. Luc Lavoie, former communications director for Mr. Brian Mulroney until November 2007. Mr. Lavoie is currently an executive vice-president of Quebecor Inc.

Good afternoon, Mr. Lavoie.

On December 15, 2007, the committee provided me with a list of priority witnesses to be called before us. Your name was included in that list, and we thank you for accepting voluntarily our invitation to appear before us today.

I would like to ask the clerk if he would please swear in the witness before we commence.

Mr. Luc Lavoie (As an Individual): The evidence I shall give on this examination shall be the truth, the whole truth, and nothing but the truth, so help me God.

The Chair: Thank you, sir. I know you have followed our proceedings and you are generally familiar with how our proceedings work, so I'm not going to explain anything to you in detail. But it certainly is expected, and we certainly hope, that you'll be able to clarify for us or help us to better understand certain matters that have been brought before our committee.

I want to remind you that refusal to answer a question is not an option; however, if you believe there is any question whatsoever that you feel should not be answered, I will hear your argument and make a ruling.

As a courtesy to our translators, I ask you not to speak too quickly. I will give you the time you need to make your responses to the committee.

I understand you do not have an opening statement for us today, so we're going to move immediately to questions.

We'll begin with Mr. Thibault.

[Translation]

Hon. Robert Thibault (West Nova, , Lib.): Thank you for being here, Mr. Lavoie.

First, I would like to get something clear. In answering for former Prime Minister Mulroney, you said in the media that he had indeed received \$300,000 in cash from Mr. Schreiber, in three payments of \$100,000 each. Is that correct?

Mr. Luc Lavoie: [Technical difficulties - Editor] what I said in the media. It's also a fact that I didn't have accurate information.

Hon. Robert Thibault: I find that hard to understand, Mr. Lavoie. You had been Mr. Mulroney's spokesperson in this matter for some time. You had a professional relationship with Mr. Mulroney, but a very close and friendly one as well. I find it hard to understand how you could answer those questions without consulting your client on the subject.

Mr. Luc Lavoie: At the time I answered those questions, I had never discussed specific amounts with Mr. Mulroney, at any time.

Hon. Robert Thibault: At what time—

Mr. Luc Lavoie: Pardon me, the amounts in question came from the media.

Hon. Robert Thibault: You said that it was \$300,000 and that \$100,000 had been exchanged in cash the first time.

Mr. Luc Lavoie: I did say that.

Hon. Robert Thibault: At what time did Mr. Mulroney inform you that he had received money from Mr. Schreiber?

Mr. Luc Lavoie: I was informed in the spring of 2000 by Mr. Mulroney's lawyer that Mr. Mulroney had received what was described to me as a retainer. I was told that that payment had been made to him in cash by Mr. Schreiber and that it had been made in three instalments. I didn't ask exactly how much money was involved, but I asked what order of magnitude we were talking about. I was told three times that the matter involved tens of thousands of dollars.

[English]

Hon. Robert Thibault: You said in multiple interviews, some with Mr. Cashore of the CBC, that previous to this date, Mr. Mulroney had not received any money from Karlheinz Schreiber. I think at one point you used derogatory comments—that he was a liar—in referring to Mr. Schreiber and the exchanges of these funds.

On what basis did you reply to the media that Mr. Mulroney had not received any funds?

• (1535)

[Translation]

Mr. Luc Lavoie: I remember very clearly those four telephone conversations with the journalist Harvey Cashore of the *Fifth Estate*. At no time during those four conversations was there any question of the money paid after Mr. Mulroney left his office. I had been Mr. Mulroney's spokesman in this matter starting in 1995. The only matter at issue up to the time of that conversation, and during that conversation, was the money deposited to Swiss bank accounts in the context of the transaction for the purchase of Airbus aircraft, for the purchase of MBB helicopters and for a project called Bear Head.

At no time during that conversation, when I said that he had not received any money, was there any question of money paid after he had left office. So if you want to follow the logic to its conclusion, I would say that, if I had to answer the same questions in the same circumstances, I would answer the same way because what we were talking about was contained in a letter sent to Switzerland in September 1995.

Hon. Robert Thibault: In February 1998, I believe, Mr. Mulroney met Mr. Karlheinz Schreiber in a hotel room in Zurich. In 1998, were you aware of that meeting?

Mr. Luc Lavoie: No.

Hon. Robert Thibault: You had been acting as Mr. Mulroney's spokesman since 1995?

Mr. Luc Lavoie: Yes.

Hon. Robert Thibault: And he never told you that he had held that meeting with Mr. Schreiber?

Mr. Luc Lavoie: No.

Hon. Robert Thibault: Did he subsequently talk to you about that meeting?

Mr. Luc Lavoie: No, I never heard about it.

Hon. Robert Thibault: It was only through the media that you learned about that meeting?

Mr. Luc Lavoie: Absolutely.

Hon. Robert Thibault: Did you ask him any questions about that meeting?

Mr. Luc Lavoie: No.

Hon. Robert Thibault: You were his communications representative, he was your client, you worked closely with him, and the question of Schreiber, of exchanges of funds, was no doubt important. You say you never had that discussion?

Mr. Luc Lavoie: The discussion concerning a meeting in Zurich in 1998?

Hon. Robert Thibault: Yes.

Mr. Luc Lavoie: No, it never came up. That's recent information.

Hon. Robert Thibault: How do you feel about the fact that your client didn't talk to you about something as important as that meeting?

Mr. Luc Lavoie: I'm not that subject to moods. I was very proud to serve Mr. Mulroney, and I am still proud of our friendship.

Hon. Robert Thibault: Did Mr. Mulroney inform you about the Harrington Lake meeting with Mr. Schreiber in 1993?

Mr. Luc Lavoie: Did he inform me about it? No.

Hon. Robert Thibault: In his testimony before this committee, he spoke about a contract under which he was to conduct international business for Thyssen. Did he talk to you about that?

Mr. Luc Lavoie: At what time?

Hon. Robert Thibault: During your professional relationship.

Mr. Luc Lavoie: There was a period before these matters became public, and afterward.

Hon. Robert Thibault: Yes.

Mr. Luc Lavoie: During the period from November 1995, when my involvement with Mr. Mulroney started, until the spring of 2000, these matters were never discussed. They were starting in the spring of 2000, but we never talked about them in detail.

Hon. Robert Thibault: From what year to what year were you with Mr. Mulroney when he was Prime Minister?

Mr. Luc Lavoie: It was from January 1988 to August 1991.

Hon. Robert Thibault: So when the agreement was signed with Thyssen for the Bear Head project—by four of his ministers, I believe—you were aware of that agreement?

Mr. Luc Lavoie: No, I don't remember. I wasn't involved in that file at all.

Hon. Robert Thibault: But you were the director of communications?

Mr. Luc Lavoie: I was deputy chief of staff. I handled operations.

Hon. Robert Thibault: That file nevertheless had a certain degree of importance in the Prime Minister's office. According to the evidence heard here, the Prime Minister received visitors concerning this matter, there were meetings with Mr. Tellier and Mr. Spector, as chief of staff, and subsequently the chief of staff who followed him was always involved in this file.

But you're telling us that the deputy chief of staff was not at all aware of the Thyssen project.

Mr. Luc Lavoie: I was not at all aware of that project, except through the media. I remember very clearly that the media talked about a project for Cape Breton.

Hon. Robert Thibault: We can assume it was a secret project.

• (1540)

Mr. Luc Lavoie: I don't know whether you can assume that. A lot of things go on in a prime minister's office. I wasn't aware of that project.

[English]

The Chair: Thank you.

Monsieur Ménard, s'il vous plaît.

[Translation]

Mr. Serge Ménard (Marc-Aurèle-Fortin, , BQ): Thank you, Mr. Chairman.

Mr. Lavoie, I looked at your CV one last time before we stated. I've often seen you on television, and I believe we can consider you one of the best corporate communicators. I imagine you were also hired to give Mr. Mulroney advice on his public relations.

Mr. Luc Lavoie: That's what you say.

Mr. Serge Ménard: I'm asking you. Did you have an advisory function?

Mr. Luc Lavoie: Without a doubt, yes.

Mr. Serge Ménard: From what I understand, it was in the spring of 2000 that you first learned that Mr. Mulroney had received money from Mr. Schreiber.

Mr. Luc Lavoie: Yes.

Mr. Serge Ménard: So, in 1999, when you said, "I mean that, ultimately, he (Mulroney) never received any money from anyone. Because there was never any money," you didn't know at that time that he had received money from Mr. Schreiber.

Mr. Luc Lavoie: I didn't know. Moreover, I would remind you that that conversation, in my mind and very clearly, concerned the Airbus transaction, the MBB helicopter transaction or the Bear Head project.

You're right: I didn't know.

Mr. Serge Ménard: You saw that that affair didn't die. Even after the settlement, the suspicion continued that Mr. Schreiber had given money to Mr. Mulroney. That's what you observed?

Mr. Luc Lavoie: Let's say so.

Mr. Serge Ménard: For Airbus, but he had given it.

You had no doubt already read that letter that the RCMP sent to Swiss authorities.

Mr. Luc Lavoie: I knew it by heart.

Mr. Serge Ménard: That doesn't surprise me.

When the lawyer spoke to you in the spring of 2000, he first told you that there had been cash retainers and three payments—three times, you say—of tens of thousands of dollars.

Mr. Luc Lavoie: Yes.

Mr. Serge Ménard: It seems to me that, if someone talks to me about tens of thousands of dollars, that represents less than \$50,000. But, according to you, that amount came to \$100,000.

Mr. Luc Lavoie: No. Mr. Ménard, I could answer you that, on the one hand, tens of thousands of dollars can represent less than \$100,000 and, on the other hand, that the \$300,000 figure appeared in the *Globe and Mail*, and we didn't dispute it.

Mr. Serge Ménard: So it wasn't you who said there had been a payment of \$100,000.

Mr. Luc Lavoie: I said that last fall, but the first time those figures were advanced, they appeared in an article by Bill Kaplan in the *Globe and Mail*.

Mr. Serge Ménard: Did you learn at the same time as we did that Mr. Mulroney had said that he had in fact received \$75,000?

Mr. Luc Lavoie: No, I learned that a few weeks earlier.

Mr. Serge Ménard: I imagine you understood that, from the moment Mr. Mulroney had received amounts of cash from Mr. Schreiber, if that were known, people might think that it confirmed the content of the RCMP letter. However, you say there was another reason why he received those payments.

Mr. Luc Lavoie: First, Mr. Ménard, since you refer to the RCMP letter of September 29, 1995, I can say, briefly, without wasting the time allotted to me, that it should be kept in mind that that letter referred to a bank account at the Union Bank of Switzerland bearing the code name Devon, to which \$5 million had purportedly been deposited.

Mr. Serge Ménard: There was Britain as well.

Mr. Luc Lavoie: Pardon me?

• (1545)

Mr. Serge Ménard: Continue.

Mr. Luc Lavoie: That \$5 million constituted kickbacks on the sale of aircraft by Airbus to Air Canada, on the sale of helicopters from MBB Helicopter to the Coast Guard and on the so-called Bear Head project. You have to look at things in context. I'm trying to answer your question; I'll conclude. In my opinion, the cash paid as a retainer after he left power, for other work, unrelated work, has nothing to do with that.

Mr. Serge Ménard: So that lawyer was talking about a perfectly legitimate transaction.

Mr. Luc Lavoie: Yes.

Mr. Serge Ménard: That legitimate transaction could explain the basis of certain rumours that were circulating; you no doubt understood that.

Mr. Luc Lavoie: I don't want to make any assumptions on that point.

Mr. Serge Ménard: Why, at that point, didn't you advise that it should be stated publicly that that transaction with Mr. Schreiber had taken place? Why didn't you advise Mr. Mulroney to say that and to explain immediately that, if rumours were circulating that Mr. Schreiber had given him money, it was for a legitimate contract?

Mr. Luc Lavoie: Why didn't I advise him to do that? You know, I had a lot of conversations with him. I never said I didn't advise that.

Mr. Serge Ménard: All right.

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): So you advised him to do that.

Mr. Luc Lavoie: That scenario was considered, yes.

Mr. Serge Ménard: When did you learn that Mr. Mulroney had not only received cash, but that he had also kept it in denominations of \$1,000?

Mr. Luc Lavoie: At the time of his testimony here.

Mr. Serge Ménard: Do you think that would have been harder to explain?

Mr. Luc Lavoie: Pardon me, can you clarify your question?

Mr. Serge Ménard: As you no doubt understood, that makes the transaction and the relations between Mr. Mulroney and Mr. Schreiber seem shady. When a prime minister receives \$1,000 bills in a brown envelope, most people think it's not for very good reasons. If he also keeps them in a safe deposit box for years and only realizes—

Mr. Luc Lavoie: What's the question?

Mr. Serge Ménard: Don't you think that makes this affair even more suspicious?

Mr. Luc Lavoie: Not particularly, no.

Mr. Serge Ménard: Didn't you inquire into what he had done with the cash he had received?

Mr. Luc Lavoie: No, what he did with his things was none of my business.

Mr. Serge Ménard: Thank you.

[English]

The Chair: Mr. Martin, please.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you.

Mr. Lavoie, you were instrumental in helping Mr. Mulroney win the \$2.1 million libel suit against the government for linking him to the Airbus affair. I think that's generally accepted. In fact, in the settlement that was finally reached—the \$2.1 million—roughly \$1.4 million was for legal expenses and went to lawyers, and fully \$587,721 went to you, or your firm, NATIONAL Public Relations. Is that a fair assessment of the settlement?

Mr. Luc Lavoie: It didn't come to me. It went to him, because he was my client. The money was adjudicated through an arbitration process presided over by the late Judge Alan Gold.

Mr. Pat Martin: So this \$587,000 worth of public relations was not for your services from 1988 to that point, but specific to—

Mr. Luc Lavoie: 1995.

Mr. Pat Martin: Right, since the letter went to the Swiss banks.

A lot of Canadians want to recoup that \$2.1 million.

For you to bill that amount you must have been quite integrally involved with Mr. Mulroney during that difficult two-year period. He talks about it as the worst period of his life—a nightmare period.

To rely on a public relations firm for \$587,000.... Did you never ask him, "If I'm going to represent you in this, Brian, did you or did you not ever accept any money from Karlheinz Schreiber, because it's going to be key and integral to my convincing Canadians that you have nothing to hide"? Did you never ask him that question directly?

Mr. Luc Lavoie: Not exactly, but I asked a question the day he contacted me, which was Monday, November 13, 1995. I was then living in Ottawa, and he asked me to come to Montreal to see him. I had a social activity in Montreal that evening and stayed overnight. I met him the following morning at his home.

•(1550)

Mr. Pat Martin: What did you ask him? Did you ask him if he had any business dealings with Karlheinz Schreiber?

Mr. Luc Lavoie: I'm coming to it.

He told me what he was faced with, which was this letter. I remember clearly asking him—so does he—if there was any truth to the letter that was sent over. He said absolutely not.

Mr. Pat Martin: So you weren't lying to the people of Canada; he was lying to you.

Mr. Luc Lavoie: No. He was not lying to me, because there was no truth to what was in that letter.

Mr. Pat Martin: We paid him that \$2.1 million because it was alleged that Karlheinz Schreiber gave him money. Now we know he did give him money.

Mr. Luc Lavoie: No.

Mr. Pat Martin: This is the extraordinary thing.

Mr. Luc Lavoie: I don't agree with what you said, by the way.

[Translation]

The Chair: Mr. Mulcair.

Mr. Thomas Mulcair (Outremont, , NDP): Thank you, Mr. Chairman.

Mr. Lavoie, earlier you mentioned Mr. Mulroney's lawyer, who apparently told you he had received cash. He purportedly told you that in the spring of 2000. I would like you to identify that lawyer.

Mr. Luc Lavoie: He was Mr. Gérald Tremblay.

Mr. Thomas Mulcair: He used the word "retainer". Do you remember whether the conversation took place in French or English?

Mr. Luc Lavoie: It took place in French.

Mr. Thomas Mulcair: He used the word "retainer". You know as well as I do that that's an earnest money term rarely used outside the context of a lawyer's work.

Do you think that was an allusion to the fact that Mr. Mulroney, who, unless I am mistaken, was, at the time, already a partner in a very large Montreal law firm on an exclusive basis, had been retained as a lawyer? Is that what Mr. Tremblay was attempting to allude to in speaking to you about that?

Mr. Luc Lavoie: I didn't understand it that way. Well, perhaps yes, perhaps no, but I was in the public relations field, and we also have retainers.

Mr. Thomas Mulcair: You would nevertheless have had to explain how he had received hundreds of thousands of dollars, wouldn't you? You would have had to know why he had received that money. If it wasn't for legal work, what was it for, in your opinion? You had to provide a public explanation. So how did you understand it? What were you going to say?

Mr. Luc Lavoie: First, the question wasn't at all in the public domain, was it? Mr. Tremblay called me at Mr. Mulroney's request essentially because I was being sued for \$1 million for defamation by Karlheinz Schreiber, and, in the circumstances, it was clear to them that I needed that information.

Mr. Thomas Mulcair: And what did you, Luc Lavoie, understand that he had done to earn that \$300,000?

Mr. Luc Lavoie: I understood that it was a retainer to represent him in projects in which he was involved.

Mr. Thomas Mulcair: That's what you understood on the spot?

Mr. Luc Lavoie: Yes.

Mr. Thomas Mulcair: So it was for representation?

Mr. Luc Lavoie: Yes.

Mr. Thomas Mulcair: Mr. Mulroney said in his testimony that he had kept \$1,000 bills in the United States. He had kept them in Canadian \$1,000 bills in a safe deposit box in an American bank. Once again, you had to be able to explain that.

What explanation can you give us in response to the following question: what expenses can be paid in the United States with Canadian \$1,000 bills?

Mr. Luc Lavoie: I'm not involved in that retainer. I am certainly not the person who can answer that.

Mr. Thomas Mulcair: So it was your former client, Mr. Mulroney, who could tell us what one can buy in the United States with Canadian \$1,000 bills. He said he had used them for expenses in the United States.

I'm going to go back to the question that Mr. Thibault and Mr. Ménard tried to raise earlier, because your answer still doesn't convince me.

You are the spokesman of a former prime minister. You are hired to give his version of the facts, and you do it very well. You went before the cameras last fall. You talked about the three \$100,000 payments. I look in vain to see where Brian Mulroney might have contradicted you publicly. I can't find it, except when he came here or just before that, when the three \$100,000 payments suddenly became three \$75,000 payments.

As a communications expert, how is it that, as soon as you referred to three \$100,000 payments in the fall, that wasn't immediately the subject of a correction on your part?

Mr. Luc Lavoie: I have no answer to give you.

I'd like to make a minor correction, even though it concerns a detail: I didn't speak before the cameras.

Mr. Thomas Mulcair: No, but you said it publicly.

You say you don't have an answer to give me. Unfortunately, you're required to answer.

● (1555)

Mr. Luc Lavoie: I don't have an answer to give you. It's not that I refuse to answer; you tell me—

Mr. Thomas Mulcair: You mentioned \$300,000, and he was your client. Did Mr. Mulroney contact you immediately to tell you that you had made an incorrect statement, that it was not \$300,000?

Did he call you that same day to obtain an explanation of what had been written in the newspapers?

Mr. Luc Lavoie: He called me that evening.

Mr. Thomas Mulcair: Why didn't you correct your remarks? That's the question I'm asking you.

Mr. Luc Lavoie: I didn't do it because, in the media atmosphere prevailing last fall, everything was taking on incredible proportions.

Mr. Thomas Mulcair: It was better to let it mould, rot?

Mr. Luc Lavoie: That was better. At least that's what we concluded, rightly or wrongly. He had to come and testify here and he would be able to correct the facts. That's it.

Mr. Thomas Mulcair: Thank you, Mr. Lavoie.

[English]

The Chair: Thank you.

We'll move now to Mr. Wallace, please.

Mr. Mike Wallace (Burlington, CPC): Thank you, Mr. Chair.

Mr. Lavoie, it's nice to see you here. We have some questions for you.

First of all, I'd like some clarification, if I could, so that we know. Could you explain to me and to the committee what you did for the Prime Minister's office from 1988 to 1991? What was your job there?

Mr. Luc Lavoie: My title was deputy chief of staff.

Mr. Mike Wallace: And what was your role? What kind of work did you do?

Mr. Luc Lavoie: I was in charge of logistics, operation, organization of international travelling, and different roles that he would assign to me.

Mr. Mike Wallace: Okay.

Then you left that position, and the next time you worked directly for Mr. Mulroney? When did he hire you the next time, in 1995?

Mr. Luc Lavoie: I was hired by Mr. Mulroney as a public relations consultant in the summer of 1995 to help him with a completely different project, and then in November 1995 on this specific case.

Mr. Mike Wallace: Could you tell us, when you were an employee of the Prime Minister's office, what involvement did you have or did you have any first-hand knowledge of the Bear Head project?

Mr. Luc Lavoie: Zero, except what I read in the media, and my recollection is simply that there was a project to build light-armoured vehicles on Cape Breton Island.

Mr. Mike Wallace: In your role in the Prime Minister's office during that time did you have any involvement or first-hand knowledge of the Airbus issue and the plans for Air Canada to buy Airbus?

Mr. Luc Lavoie: Absolutely none.

Mr. Mike Wallace: None. Okay.

In that role that you had, did you have any knowledge of the consulting agreement between Prime Minister Mulroney and Mr. Schreiber? Did you have any knowledge of that while you worked in the PMO's office? Did you have any sense there was anything happening there while you were there?

And then afterwards, in 1995, when did you learn about that agreement?

Mr. Luc Lavoie: I would like you to be a little more specific.

While I was there did I know...?

Mr. Mike Wallace: Did you know anything about the relationship between Mr. Schreiber and Mr. Mulroney? Was there any consulting work or was he paying him anything that you knew about?

Mr. Luc Lavoie: No, of course I didn't know anything about that.

Mr. Mike Wallace: No. Okay.

When he hired you in 1995, when did you learn about the consulting agreement that he, as a lawyer, and Mr. Schreiber, as a business person, had? When did you learn about that?

Mr. Luc Lavoie: In the spring of 2000.

Mr. Mike Wallace: Not until the spring of 2000. Okay.

You were answering a question earlier from one of my colleagues. You're obviously well aware of the letter that caused the Government of Canada of the day to pay the settlement, and really, that is why this committee has been constituted to look at this issue and whether there was information available that wasn't available then to make the decision any different.

Your interpretation of why the government settled, compared to what the opposition members were saying, was different. I'd like to give you a chance to tell us what your interpretation of that was.

Mr. Luc Lavoie: There was a letter sent on September 29, 1995, in which the drafter—it was signed by a public servant of the Department of Justice, but I think the drafter was a member of the RCMP—was stating, without any attempt to make it conditional or anything like that, or to qualify it in any way, that this letter was of the utmost importance because it had to do with the criminal activities of the former Prime Minister of Canada, from the day he took office in 1984 to the day he left office in 1993. It went on to describe a scheme under which \$5 million had passed from bank accounts in Liechtenstein into a bank account at the Swiss Bank Corporation in Zurich, Switzerland. That bank account you could open through a code word “Devon”. The letter of request was sent as a statement of fact to the Swiss authorities.

By the way, it's interesting to remember that seven drafts of that letter had been prepared because the first draft wouldn't trigger the system in Switzerland; they would correspond with their equivalent in Switzerland and say, what if we sent you this, and it was a qualified way of describing it. They said no, that's not enough to trigger our system, so they went to the seventh draft. The seventh draft said, those are facts; all we need to complete our investigation is that you freeze those bank accounts and bank records and send them over to us. That was it. That's what the letter was saying.

The reality is that we found out very rapidly in the process, in a letter sent by the Attorney General of Switzerland, a lady who

became famous later on as the chief prosecutor for the war crimes tribunal, Mrs. Carla Del Ponte, that there never was any bank account in Switzerland that belonged to Brian Mulroney. There was also the fact that, according to the process in place in Switzerland, a copy of this letter was sent to each member of the board of the Swiss Bank Corporation, and there are 25 members on that board. There was also the fact that we found out, as we suspected all along, that the sole source for the content of the letter was a journalist who had accepted to turn herself into a police informant. I should be more specific, because indeed Norman Spector provided an affidavit. There was a leak from day one. The first leak came from Switzerland.

The reason for the settlement is that the Government of Canada, the Attorney General, the RCMP... Let's put it this way: the RCMP had no evidence whatsoever to support this horrendous libel.

•(1600)

Mr. Mike Wallace: Thank you.

You claimed, and this is your wording, that Mr. Mulroney may have reached an agreement for consulting with Mr. Schreiber because he needed money. Mr. Mulroney, in front of us, claimed that this is just not the case. Do you still stand by that statement? I don't understand why you said that.

Mr. Luc Lavoie: I don't want to join the misquoted, so I'm standing by the quote, but it has to be put in context. The context is that I was having a conversation with a journalist; the same story was reported by two different journalists, and in both cases the quotations were the same but they were interpreted differently. What I was saying is that Mr. Mulroney was not a man who had inherited millions of dollars. He was not a wealthy man, like former prime ministers in the past, and I'm not saying this in a derogatory way. He was not a rich man. What I was saying is that when you leave office and you were an elected official—and I've known many others who went through this process—and you want to start a new career, you may be optimistic, but you're looking to get your first pieces of business. That's what I was saying.

Mr. Mike Wallace: Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Lavoie, one of the big mysteries of this, and Canadians really want the answer, is was it \$300,000 or \$225,000?

In an article on January 23, 2007, by Jim Bronskill and Joan Bryden, who are the sources, in the Canadian Press entitled, “Justice Department weighed reopening 1997 Airbus settlement with Mulroney”, it says:

In January 2007, Mr. Lavoie acknowledged that the amount Mr. Schreiber paid to Mr. Mulroney was \$300,000 when he said that the RCMP informed Mr. Mulroney in the summer of 2000 that they were aware of a \$300,000 retainer from Schreiber.

It does go on. But it's clear that you made the representation to these media personnel in January 2007 that it was \$300,000.

How do you explain the discrepancy between that and what Mr. Mulroney says of it being only \$225,000?

• (1605)

Mr. Luc Lavoie: The number \$300,000 is a figure that came out in the media. It came out in *The Globe and Mail*. We never denied it, and then it became the truth, or was perceived as being the truth, and I never tried to fight back. I never asked if it was the exact amount of money.

The Chair: Mr. Murphy, go ahead, please.

Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.): Thank you, Mr. Chair, for asking one of my questions.

I want to tell everybody from the outset, before we start, that none of my questions have come directly from the CBC.

Mr. Lavoie, you're in charge of public relations for Quebecor and Brian Mulroney is the chairman of the board of Quebecor. Is that correct?

Mr. Luc Lavoie: No. Mr. Mulroney is the chairman of the board of Quebecor World, which is a subsidiary of Quebecor Inc.

Mr. Brian Murphy: All right.

Mr. Lavoie, following on the chairman's question on this \$75,000 or \$100,000 deal, you said in your response to his question that this came from the media. That's true. But what's a little unsettling is that it came from the media through a quote from you, unless you're quarreling with the *Ottawa Citizen* story that quotes you quoting Mr. Mulroney quoting Mr. Schreiber. It goes like this:

“Then he said”—

—this is Schreiber—

“I would give you \$100,000 a year” and then he pulled out an envelope with \$100,000 and Mr. Mulroney said “what is that?” He said “well, I want to pay you in cash.” So Mr. Mulroney asked a few questions.

—maybe about serial numbers, I don't know—

“Why would you do this in cash?” and all that,” said Mr. Lavoie.

You were told by Mr. Mulroney that Mr. Schreiber gave him \$100,000, on the first occasion, in cash, and then you told the Ottawa press in a highly charged political environment in November of 2007. So how can you say the media made this up? Your client or you said it was \$100,000 at the first instance.

Mr. Luc Lavoie: I didn't say the media made this up. I said the figure of \$300,000 is the figure that came from a story by Bill Kaplan in *The Globe and Mail*, which I never fought back on, on behalf of my client. This figure is the one that was floating out there, and I never specifically asked whether it was \$300,000 or it was less. I knew about three payments in the tens of thousands of dollars in cash.

Mr. Brian Murphy: Would you at least admit that from a professional point of view it was sloppy for you to quote and say \$100,000 without verifying that in a quote that comes from a former Prime Minister?

I guess you won't.

The ex-Prime Minister was here saying it was \$75,000. One wonders whether he wants it to be \$225,000 because that's what he declared on his tax returns, not the \$300,000 that he told you privately. That will remain a question that's out there, Mr. Chairman.

Did he ever give you the name of the consulting firm that you then became aware of, which Mr. Mulroney formed after he left office? Were you aware of whether or not it's been registered under the registration acts in Ontario or Quebec, or for Canada federally?

Mr. Luc Lavoie: I knew of the existence of an arrangement with his law office at his law firm that allowed him to have a separate consulting firm. I take it for granted that it was all properly organized.

Mr. Brian Murphy: I could look at the August 2, 1993, [Translation]

the agreement between Ogilvy Renault and Mr. Mulroney, [English]

and it speaks very clearly of

[Translation]

“[...] compensation and other forms of earnings shall remain yours alone [...]”

That means “unique to Mr. Mulroney”.

[English]

But it doesn't talk about his consulting firm that he mentions existed, and you know of no name of a consulting firm like “Brion” or “Devon” or “Mulroney Investments” or whatever? You know of no firm like that?

Mr. Luc Lavoie: No, I don't.

Mr. Brian Murphy: Okay.

I'm going to go back to your firm's \$587,000 bill for services rendered shortly after the proverbial...hit the fan. I know you're not a stranger to profanity; I've seen it here—

Mr. Luc Lavoie: Why would you say that?

Mr. Brian Murphy: When that happened in November of 1995, you were on the case, and you spent time taking care of your client's interests. It seems incredible to me, Mr. Lavoie—and you're the one who put credibility into issue by calling Mr. Schreiber the biggest... liar the world has ever seen—

Mr. Luc Lavoie: I retract what I said. I would put him in the top three.

• (1610)

Mr. Brian Murphy: You retract it, but you said it.

Don't cut into my time, please.

Mr. Luc Lavoie: I changed my mind. I would put him in the top three.

Mr. Brian Murphy: Well, we're on the trail of maybe the second biggest liar around, and that's not you. But, finally, Mr. Chairman—

The Chair: Your time is up.

Mr. Luc Lavoie: It was just starting to be fun.

The Chair: I would just ask members to be judicious in their language. Let's be careful here.

Mr. Wallace, please.

Mr. Mike Wallace: Thank you, Mr. Chair.

I appreciate a few more minutes to finish up some of my questioning I was leading to. This committee is charged with looking at any new information that might not have been known at the time of the Airbus settlement.

Based on the information you have, and know, sir, is there any new information this committee does not know or did not know at the time of the settlement that we should know today? Do you have anything to add in terms of what that information might be today?

Mr. Luc Lavoie: No.

Mr. Mike Wallace: So your testimony today regarding the letter—which is really what started the lawsuit, which then finished with the settlement—is that the letter didn't just suddenly accuse the former Prime Minister of maybe being involved, but identified him as doing criminal activity.

Is that correct?

Mr. Luc Lavoie: It's stated as a fact, yes.

Mr. Mike Wallace: I'm just asking this in your view, but the settlement that was created was because the letter had identified the former Prime Minister as in fact involved in criminal activity, and that is why the payment was done.

Would that be your view?

Mr. Luc Lavoie: When you're talking about the payment, are you referring to the \$2.1 million?

Mr. Mike Wallace: That's correct, the settlement.

Mr. Luc Lavoie: The \$2.1 million was an adjudicated amount of money through an arbitration process to reimburse his legal and public relations costs. He was never paid damages. This has to be understood.

Number two, the facts, as they were stated in the letters, were completely wrong. They never had any evidence to back these up, and they still don't. The minute the Attorney General of Switzerland wrote that there never was a bank account at the Swiss Bank Corporation, or anywhere else in Switzerland, for Brian Mulroney, the whole thing became a horrendous libel—which it was.

Mr. Mike Wallace: At our last meeting we had the former minister of justice and attorney general, the Honourable Mr. Rock, here, who speculated that if he had known about the agreement between Schreiber and Mulroney—which had nothing to do with Airbus, as both parties admit—that may have had something to do with the level of the settlement. He would not admit there still would have been a settlement, but it may have affected its amount.

Would you also like to speculate, since you were representing the other side, whether that would have had an influence or not?

Mr. Luc Lavoie: I don't have the competence of Allan Rock, who is a well-known top-gun litigator in Ontario.

• (1615)

Mr. Thomas Mulcair: Oh, oh!

Mr. Luc Lavoie: Yes, he is.

Mr. Thomas Mulcair: Your modesty is well placed there

Mr. Luc Lavoie: Thank you, Thomas.

The reality is I have a problem with the following reasoning. They wrote a letter to a foreign government that Brian Mulroney had received a \$5 million kickback from the sale of planes and helicopters and as part of Project Bear Head. They said he received \$5 million while in office, from a bank account in Liechtenstein to a bank account that never existed in Switzerland. They wrote that; they sent it over there, and 25 members of the board received it. It leaked to the media, first to l'Agence France-Presse in Switzerland, and then it went the rounds, and we don't know where it ended up, but it did appear in the *Financial Post*.

Then you found out that indeed after he left office he received \$300,000 to do work for the same person, Karlheinz Schreiber. So you then say, if I had known that, if I had known about the \$300,000, God, it would have been great, because I would have been able to keep torturing him for a few more years.

I have a serious problem with that, because the libel was horrendous. What they wrote in the letter was just unbelievable, and they had to draft it seven times for it to reach a level strong enough for the Swiss to act on it.

The Chair: Last question.

Mr. Mike Wallace: When you said they had to draft it seven times, who are you referring to?

Mr. Luc Lavoie: We found out through the litigation process, before there was a settlement—and this is all part of the public record—that the way it works is that the Department of Justice would send a letter to the correspondent at the Swiss Department of Justice and Police. I'm not sure if it was the ministry of interior or the justice department. They would say, "If I send you this, are you going to freeze the bank account and send over the bank records?" Then they would say, "No, that's not strong enough for our criteria, so give it some more torque, and go, go, go." It's part of the public record.

The seventh draft was way worse than the first one—and they knew they had done no investigation. They could only rely on a journalist turned police informant, and an affidavit by a former chief of staff, in which he said that Mr. Mulroney had cancelled the Bear Head project. That's what Sergeant Fiegenwald, who was one of the lead investigators, said under oath in the Eurocopter trial. He said he had nothing else.

So you send this letter. It's a statement of fact. It's extraordinarily damaging. It leaks out. And then you say, "If we had known that after he left office"—a completely different story—" \$300,000 was paid for other types of services, then we could have kept going with the torture of Mr. Mulroney and his family for a few more years."

It doesn't change the fact that he never had a bank account in Switzerland, as confirmed by Carla Del Ponte; he never had anything to do with this transaction, as confirmed by your star witness; he never had anything to do with the MBB helicopter thing, as confirmed by the Eurocopter trial.

The letter was horrendous liable. And I maintain it. And if anybody goes on to say, "But if we had known, God, we might have had some more fun, and we could have kept torturing the guy a little more".... I find this offensive—

The Chair: Okay, order.

Mr. Ménard.

[Translation]

Mr. Serge Ménard: Mr. Lavoie, you gave an explanation of Mr. Mulroney's conduct according to which his financial position was poor. Mr. Mulroney categorically contradicted it. Based on your experience, Mr. Lavoie, I believe you knew well that it is difficult to get the general public to pity the rich in their misery and that, by saying that, you necessarily exposed him to the caricatures to which he was subjected.

Why did you make that kind of communications error, being part of an outfit as professional as yours?

Mr. Luc Lavoie: First of all, I wasn't in a public relations outfit.

Mr. Serge Ménard: You are at least as professional as, even more professional than, the average person in the outfit where you were.

Mr. Luc Lavoie: I take that as a compliment. Thank you, Mr. Ménard.

Mr. Serge Ménard: How can you explain that?

Mr. Luc Lavoie: I wanted to provide context. Given the atmosphere at the time, it was undoubtedly a mistake to try to provide context like that.

Mr. Serge Ménard: And yet if it was indeed a legitimate transaction, a contract, why did you have to give that kind of explanation, which appeared to tell people that he should be pardoned for having done that? He doesn't have to apologize for receiving fee advances for a genuine representation contract, does he?

Mr. Luc Lavoie: I'll let you be the judge of that.

Mr. Serge Ménard: I'm going to ask you a tough question. I imagine you followed his appearance here.

Mr. Luc Lavoie: Of course.

Mr. Serge Ménard: Was that the first time you heard about the contract he claims to have had with Mr. Schreiber and about the reasons why he had it?

Mr. Luc Lavoie: No.

Mr. Serge Ménard: Pardon me?

Mr. Luc Lavoie: No.

Mr. Serge Ménard: Had he explained it to you before that?

Mr. Luc Lavoie: He explained it to me on a number of occasions.

Mr. Serge Ménard: Did you know all the details? For example, you knew that he had received cash. Did you know that he had kept it, in cash, in safe deposit boxes?

•(1620)

Mr. Luc Lavoie: No, I didn't know that.

Mr. Serge Ménard: Did you know the nature of his mandate? Did you know that the purpose was to attempt to sell a peace weapon, a light armoured vehicle to the four major firms? Did you know that?

Mr. Luc Lavoie: I knew that the contract had something to do with the marketing of so-called peace vehicles.

Mr. Serge Ménard: To China?

Mr. Luc Lavoie: Peace armoured vehicles.

Mr. Serge Ménard: To China?

Mr. Luc Lavoie: No reference was ever made to countries, but rather to international sales.

Mr. Serge Ménard: But you heard. It would have been China and France. As regards China, I would point out to you that we're talking about five years after Tiananmen Square and the image, one of the most important of the century, that will remain with us of that student in front of the armoured vehicles, which weren't light armoured vehicles, but all the same.

Mr. Luc Lavoie: That's one of the most shocking and most striking images of the twentieth century; I agree with you.

Mr. Serge Ménard: And one of the most admirable as well.

Mr. Luc Lavoie: And one of the most admirable.

Mr. Serge Ménard: France is generally quite jealous and proud of its technologies.

It destroyed the accounting, which it claims to have kept, when Mr. Schreiber was arrested. It was at that time that he wanted to resolve these tax matters. It was a number of years after being exonerated by [Inaudible - Editor]. He was in such a hurry that he even paid tax on the expenses he could have deducted as part of his mandate.

Mr. Lavoie, do you believe that agency contract with Mr. Schreiber in fact existed?

Mr. Luc Lavoie: I rely on his word.

The Chair: That will be your last question.

Mr. Serge Ménard: I would say that does you credit. You don't say yes, and you keep your credibility. There are nos that are answers.

Mr. Luc Lavoie: I also admire your permanent metaphysical doubt.

Mr. Serge Ménard: It's not metaphysical. I believe most people think that way.

[English]

The Chair: Thank you kindly.

Mr. Hiebert, please.

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

Mr. Lavoie, my colleague asked you earlier if you had any knowledge about certain decisions or certain projects while you were in the PMO. I want to broaden that question a little bit and expand it. At any point, whether you were working in the PMO or since that time, when you were working as a consultant for Mr. Mulroney, did you have any knowledge of any wrongdoing by any public official with respect to Bear Head—at any point?

Mr. Luc Lavoie: No.

Mr. Russ Hiebert: Okay. Did you have any knowledge of any wrongdoing by any public official at any point in your career with respect to Airbus?

Mr. Luc Lavoie: No.

Mr. Russ Hiebert: I have to ask the same question with respect to the consulting agreement between Mr. Mulroney and Mr. Schreiber. Do you know of any wrongdoing there?

Mr. Luc Lavoie: No.

Mr. Russ Hiebert: So you're telling us you don't know of any wrongdoing by anyone with respect to any of these matters, and that's the extent of your testimony?

Mr. Luc Lavoie: That's correct.

Mr. Russ Hiebert: Okay.

Mr. Chair, we have no further questions.

The Chair: Thank you kindly.

Mr. Martin.

Mr. Pat Martin: Mr. Chair, I will share my time with Mr. Mulcair.

You were instrumental in relieving Canadians of \$2.1 million, no matter how you cut it, and \$600,000 were your fees. I don't know a lot about the public relations business, but that seems like a staggering amount of money to make in 18 months. Even if you were working full time, it's a whole whack of dough.

I want to correct you on the tone you put on when we say the Government of Canada probably wouldn't have settled if they'd known what you knew all along. If you had been more forthcoming —

Mr. Luc Lavoie: No, I didn't know all along.

Mr. Pat Martin: You said you knew Mr. Mulroney had a business relationship with Mr. Schreiber.

Mr. Luc Lavoie: No, I didn't say that.

Mr. Pat Martin: I certainly understood you to say that in November 1995 you had established there was a business relationship or some relationship with Schreiber.

Mr. Luc Lavoie: I apologize if you understood that. I never said that, and it is not the case.

Mr. Pat Martin: Certainly the client you represented wasn't being forthright with Canadians. We don't believe that settlement would have been made at all, and we could have kept on, not to torture the man but to ultimately get the truth, because it's been like pulling teeth trying to get the truth out of the people who come before this committee, in terms of the whole story, Mr. Lavoie.

Don't misunderstand us when we say we wish the investigation had gone further, we wish the RCMP hadn't concluded, because if we knew then what we know now, we wouldn't have paid the \$2.1 million, and it would be in pursuit of the truth, not to torture your former client.

● (1625)

[Translation]

Mr. Thomas Mulcair: Mr. Chairman, I'm going to ask Mr. Lavoie one or two brief questions. Earlier, in response to a question from Mr. Murphy, he very clearly said that his contract with the law firm, Ogilvy Renault, enabled him to do outside consulting work.

What basis do you have for stating that under oath before this committee?

Mr. Luc Lavoie: What he told me.

Mr. Thomas Mulcair: That's what he told you?

Mr. Luc Lavoie: Yes.

Mr. Thomas Mulcair: And yet, when I asked you whether the term retainer related to his work at his law firm or whether that work with that law firm was exclusive, you answered that you had no information on that subject.

Then, in response to Mr. Murphy, you said that that was his contract with Ogilvy Renault. It's going to be very easy for us: we're going to send a subpoena to Ogilvy Renault and demand a copy of Mr. Mulroney's partnership contract with that law firm. So we'll know what it contains.

You relied on what Mr. Mulroney told you, that is to say that his contract with Ogilvy Renault enabled him to bill for consulting work outside his general mandate as a partner and lawyer with that firm.

Mr. Luc Lavoie: That's what he told me.

Mr. Thomas Mulcair: That's your testimony?

Mr. Luc Lavoie: Yes.

Mr. Thomas Mulcair: Thank you.

I'm going to ask one final question, Mr. Chairman.

There was a leak. Mention was made of a name of an extraordinary member of the RCMP named Fraser Fiegenwald, who unfortunately was the Liberals' fall guy in this affair. Mr. Lavoie, you said that the initial leak came from Switzerland. What proof do you have of that? The Liberals' version is quite different. They have always tried to pin it on someone from the RCMP.

Mr. Luc Lavoie: The first time this affair was mentioned, it was in an Agence France-Presse article published on page 1 of the Montreal newspaper *La Presse*. It was the only paper in Canada that picked it up at the time. It wasn't about Mr. Mulroney; it was about an investigation conducted by Canadian police authorities and that involved money that had purportedly been paid in kickbacks to Canadian politicians. That was the first leak. It was on November 12, 1995. That came from the Agence France-Presse, from Geneva or Zurich; you'd have to check it.

Mr. Thomas Mulcair: The testimony that we've heard before this committee to date referred extensively to the GCI company and Mr. Moores. What do you know about the role Mr. Moores played and the amounts he might have received in the Airbus affair?

Mr. Luc Lavoie: I only know what I read in the papers. I didn't know Frank Moores, although I met him socially once or twice. That's all.

[English]

The Chair: Mr. Thibault.

Hon. Robert Thibault: Merci. Thank you, Mr. Chairman.

Mr. Lavoie, you'll have to help me out here. I'm not sure whether you said this on behalf of Mr. Mulroney or whether Mr. Mulroney said it himself. I think it was you speaking on behalf of Mr. Mulroney. In 2003, I believe you stated that the money received from Schreiber, the \$300,000, was for representation for the Thyssen plant in east Montreal as well as for some work related to a pasta business. I think the amount came up in the course of a lawsuit by Mr. Schreiber against Mr. Mulroney. There was no argument about the figure, and it may have been Mr. Mulroney's lawyer who cited it.

Are you familiar with this?

Mr. Luc Lavoie: I am not sure I understand. In 2003...can you give me a little more detail?

Hon. Robert Thibault: I believe it was 2003.

Are you familiar with the lawsuit by Mr. Schreiber against Mr. Mulroney seeking to recover \$300,000?

Mr. Luc Lavoie: Yes, but I think it was launched in 2007, right?

Hon. Robert Thibault: It might have been 2007. You may be right.

The claim by Schreiber was that no work was done in return for that money. The claim by Mulroney is that the money had to do with a pasta business and with working for the Thyssen plant, which was in the past the Bear Head project.

Mr. Luc Lavoie: That's correct.

Hon. Robert Thibault: All of a sudden it has morphed. It morphed around 1993 or around that time. It morphed to east Montreal, where they planned to build the plant. At that point there's no argument about the \$300,000, and it's for those projects. You're familiar with this?

• (1630)

Mr. Luc Lavoie: The statement of claim? Yes, I am.

Hon. Robert Thibault: All of a sudden we hear in committee that the money Mr. Mulroney received in cash, as a retainer, for work done for Mr. Schreiber, was for Thyssen International. You're familiar with this? That's what you understand as Mr. Mulroney's current position?

Mr. Luc Lavoie: I heard the testimony here, so I heard the same thing you did.

Hon. Robert Thibault: And he never discussed this with you?

Mr. Luc Lavoie: In those details, no.

Hon. Robert Thibault: No details about what he was or wasn't doing for Thyssen?

Mr. Luc Lavoie: I remember discussing the fact that he was working on the light-armoured vehicle project. That's how he got involved with Mr. Schreiber. Further down the road, he did some work related to a pasta business project.

Hon. Robert Thibault: Mr. Lavoie, there is something that's difficult for me to understand. You're not a kid out of public relations school who was hired by Mr. Mulroney. This was not your first job. You're recognized as one of the top people in your field, one of the absolute best.

Mr. Luc Lavoie: Thank you.

Hon. Robert Thibault: He's hired you. He has all these accusations and suggestions that started with the letter in 1995. I believe the terms of settlement that the Attorney General told us, because the letter was accusatory. Just to put the record straight, I think he said that he may not have settled at that time if he'd known about the \$300,000, but he never said there wouldn't be a settlement.

Mr. Luc Lavoie: That's correct. That's what he said.

Hon. Robert Thibault: So you know about all these accusations. They're out there, the suggestions. You know that Harper has met with Mulroney at Harrington Lake.

Mr. Luc Lavoie: Harper?

Hon. Robert Thibault: You have heard that Harper and Mulroney met at Harrington Lake, and that Schreiber provided a letter to Mr. Mulroney to go to visit Harper. You're aware of that. You've seen it in the media. You've seen it in the testimony of the committee.

Mr. Luc Lavoie: Afterwards. I was not aware of the meeting at Harrington Lake between Prime Minister Harper and Mr. Mulroney. I found out afterwards, the way you did.

Hon. Robert Thibault: But Mr. Mulroney is your client. You're doing his public relations. He has huge trouble with Schreiber. There's a lot in the problem, and he doesn't tell you these things?

I put one question to you. Is it plausible deniability that you're seeking or that he's affording you—

Mr. Luc Lavoie: Absolutely not.

Mr. Robert Thibault: —or is he replacing that person as the biggest liar, the one you were suggesting earlier?

Mr. Luc Lavoie: No, the top three, I said—maybe the top five, but no more.

The Chair: Order.

Mr. Lavoie, one more time, you said that you were apprised of the money transaction in the spring of 2000 for the first time.

Mr. Luc Lavoie: Yes.

The Chair: I assume that somebody talked about how much, or at least, if I received an envelope with \$1,000 bills, whether it be 75 or 100, it's so unusual, so off the wall.... Somebody must have said "\$1,000 bills". Is that correct?

Mr. Luc Lavoie: No, someone said to me, "retainer in cash in the tens of thousands of dollars" on three occasions. That's what I was told.

The Chair: This thing about \$1,000 currency never came up in anybody's discussion?

Mr. Luc Lavoie: No.

The Chair: *Incroyable.*

Mr. Murphy.

Mr. Brian Murphy: Mr. Lavoie, in November 1995, the question from the CBC was, "Does Mr. Mulroney have any connection at all to either of the Swiss accounts in question?" And the numbers are there, namely code-named Devon. The answer: "I categorically deny that he has anything to do or has had anything to do with those accounts."

Question: "Did he ever receive money from those accounts through a second party?" Answer: "Absolutely not."

Question: "And you know this to be true?" Answer: "I know this to be true."

Question: "How do you know?" Answer: "He told me."

That was in 1995. You didn't know...and in fact, your state of mind was that he had received no money from Karlheinz Schreiber in 1995.

Mr. Luc Lavoie: That's not what I'm talking about. We're talking about bank accounts as they were identified in the letter of request sent to Switzerland on September 29, 1995.

Mr. Brian Murphy: I know what you were talking about.

Mr. Luc Lavoie: I'm certainly not—

The Chair: Order, please.

There's a point of order.

Mr. Mike Wallace: There's an issue in terms of the agenda. I thought at 4:30 we were to start a new individual. What is happening?

The Chair: Thank you, Mr. Wallace.

If you heard my opening statement, I referred...and Mr. Tilson raised this and argued this at the last meeting. I didn't take the time then, but I'll repeat what I said at the beginning of the meeting to remind members that when we approved the witness list last week and decided that Mr. Schreiber was not coming last Thursday, we went through it, and I explained to the committee at that time that we would put one comprehensive witness together with a narrower witness.

So we knew there was likely going to be an imbalance in the amount of time, notwithstanding the thing, but to allow the chair the flexibility to make sure, and in fact—

• (1635)

Mr. Mike Wallace: Oh, so you are assuming that this is the substantive witness and the next witness is not.

The Chair: Thank you.

It's not a point of order, but I did want to answer your question.

Mr. Mike Wallace: It is a point of order when it's the orders of the day. The witness is listed as starting at 4:30.

The Chair: No.

Thank you, Mr. Wallace.

Mr. Mike Wallace: I think we should be following the agenda, Mr. Chair.

The Chair: Mr. Wallace, the committee approved the manner in which we would conduct these meetings. In fact, we also agreed—and the transcript of the meeting will show—that the meeting would go on beyond the scheduled time of 5:30 if the committee needed the time to complete and bring a questioning session to the end. That was approved by the committee. I'm following the committee's instructions.

So thank you.

Mr. Mike Wallace: What question are we on now?

The Chair: We're now in the third round.

Mr. Russ Hiebert: How long do you expect to go?

The Chair: We're just getting to the end now. If you'd like to speak to me after, so that I can refresh your minds about what we agreed to last week, which is in the minutes.... I'll ask the clerk to please get the minutes out so that the members can know.

Now, let's move on with our business. Thank you.

Mr. Murphy, carry on. You have two minutes.

Mr. Brian Murphy: Thank you, Mr. Chair. I'll speak very quickly.

Mr. Lavoie, you told the nation that he had not received money from accounts—the Devon accounts, or whatever—in 1995. As far as you knew, he had received no money from Karlheinz Schreiber.

How could you possibly know he didn't receive money through the Devon account, because you now know, years later, that he got money from Karlheinz Schreiber, who had some implication in those accounts? How could you be certain in 1995 that he didn't receive money from Devon?

The answer is, I suggest, that Mr. Mulroney didn't tell you that he got any money from Karlheinz Schreiber, and therefore you told the truth when you said that he did not get any money from Devon or otherwise, because he kept that from you.

What do you think? Do you think you should give an answer to that?

Mr. Luc Lavoie: I heard a statement. It was a little convoluted, but I'd like to help you—

Mr. Brian Murphy: Do you agree with it?

Mr. Luc Lavoie: What?

Mr. Brian Murphy: Do you agree with the statement?

Mr. Luc Lavoie: No, I don't.

Mr. Brian Murphy: Could you tell me what the name was of the corporation Mr. Mulroney set up with respect to consulting? That's another question you didn't quite answer from me.

Mr. Luc Lavoie: The same question was asked by Mr. Mulcair.

Mr. Brian Murphy: Simply, you don't know.

Mr. Luc Lavoie: That's right.

Mr. Brian Murphy: Okay.

The Chair: Thank you kindly.

Madame Lavallée.

[Translation]

Mrs. Carole Lavallée: I have a question for Mr. Lavoie. When you look to see who benefits from the crime, you take into account the fact the letter of request to the Swiss government was leaked.

When you look at who benefited from the crime, you see that those who really had an interest in that letter being made public were the people around Brian Mulroney, because it brought the investigation to a halt and enabled him to receive \$2.1 million, incidentally.

Do you know the name of the person who disclosed that letter?

Mr. Luc Lavoie: I don't have the slightest idea. I'd also like to clarify one point. The out-of-court settlement reached in January 1997 didn't put an end to the investigation. There was a specific clause in the agreement stating that the investigation was to continue.

I don't have the slightest idea where the leak came from. There was more than one leak; there were roughly five.

Mrs. Carole Lavallée: I'm talking about the leak in the *Financial Post*, the first.

Mr. Luc Lavoie: That wasn't the first, by the way. Pardon me. I'm telling you that in passing.

Mrs. Carole Lavallée: So tell me what the first leak was. Oh yes, it was in the *Der Spiegel*.

Mr. Luc Lavoie: The Agence France-Presse.

Mrs. Carole Lavallée: In Germany.

Mr. Luc Lavoie: No, the Agence France-Presse, from Switzerland. The second, I believe, was in the *Der Spiegel*. Then there was *Maclean's* magazine. At the time, we were monitoring the situation very closely to see which of the ones that had obtained that information would be the first to publish it. It was the *Financial Post*. We learned that on the Friday, the day before publication, on November 17, at 5:00 p.m., when the journalist, to whom I had never spoken in my life and whom I didn't know from Adam, Philip Mathias, called Mr. Mulroney's office. The call was put through to me, he spoke to me about what he had in his hand, the letter, and we gave him a very brief statement that had been prepared by Mr. Mulroney's lawyers.

Mrs. Carole Lavallée: Who do you think was at the origin of that leak?

• (1640)

Mr. Luc Lavoie: I don't have the slightest idea.

Mrs. Carole Lavallée: None?

Mr. Luc Lavoie: None.

Mrs. Carole Lavallée: You don't even have a small suspicion?

Mr. Luc Lavoie: We could have fun making assumptions, you and I, but, frankly, very honestly, I don't know who was at the origin of the leak. Neither that one nor any of the others, but I have doubts about some of those leaks.

Mrs. Carole Lavallée: You have doubts?

Mr. Luc Lavoie: Let's say that Stevie Cameron played a fairly curious role: she was both journalist and police informer and had a

code attached to her name, and everything. And, as if by chance, one of the calls that I received was from Stevie Cameron.

Mrs. Carole Lavallée: How would she have gotten it?

Mr. Luc Lavoie: It was she who was at the origin of the letter.

Mrs. Carole Lavallée: But she didn't write it.

Mr. Luc Lavoie: The RCMP officer with whom she was working was Fraser Fiegenwald, who did write the letter.

Mrs. Carole Lavallée: It was he who wrote it? Did he write it in German?

Mr. Luc Lavoie: No, it was translated into German?

Mrs. Carole Lavallée: I see.

Mr. Luc Lavoie: It was first written in English.

Mrs. Carole Lavallée: Thank you. There's one thing that surprises me a little. There are a lot of things that you say you were not aware of regarding what Brian Mulroney knew, things that he didn't tell you, whereas you were his spokesman, his press secretary, his communications advisor, the person in whom he should have confided a maximum of information. I have no doubt about your immense talent, your competence and your experience. Having worked a little with clients in an agency, I know that you normally sit down with the client and he tells you his entire story. Then, based on objectives and his strategy, you decide what you're going to tell the press. I think that a spokesman at a level as high as the one where you were should normally have been informed and asked questions—

[English]

The Chair: We need to let him answer the question, please, because your time is up.

[Translation]

Mrs. Carole Lavallée: I'll finish my question. Was it because you felt it was unlawful ground or because Mr. Mulroney didn't talk to you about it—perhaps he too felt that it wasn't lawful, moral or ethical—that you didn't ask any questions?

Mr. Luc Lavoie: I know we have to brief.

I would say, in answer to your question, that there were two periods. The period from 1995 until the settlement was reached in 1997 was a period when it was my work to speak on Mr. Mulroney's behalf. I earned my living as a public relations consultant, and Mr. Mulroney was a client. I could devote all the necessary time and resources to serving my client. Starting in 2000, when I joined Quebecor, I helped Mr. Mulroney and his family when communication issues arose. For example, when he was sick, I was the family's spokesman, as well as when he had various activities that resulted in calls from the media and when this affair resurfaced. But quite honestly, I'm not trying to avoid the issue; that wasn't my job. I didn't see Mr. Mulroney every day or even every week or month. We spoke on the telephone for three, five or 10 minutes, briefly. That's it.

The Chair: Thank you.

[English]

We'll go to Mr. Mulcair.

[Translation]

Mr. Thomas Mulcair: Thank you, Mr. Chairman. I want to go back to the spring of 2000, when Mr. Lavoie learned from Mr. Mulroney's lawyer, Mr. Gérard Tremblay—not to be confused with the mayor of Montreal; this is the one who will soon be the president of the Barreau du Québec—that the money received was a retainer. You subsequently used that word in all your public statements. What I find interesting is that that word has meaning not only for a lawyer, but a retainer may be important in relation to income when one has to file an income tax return. From the moment that money is paid into a trust account by a lawyer, for example, if he does not withdraw it, it is not taxable because it has not yet been paid as income.

What I want to ask you is when you learned from Gérard Tremblay in the spring of 2000 that Mr. Mulroney had received hundreds of thousands of dollars in cash from Mr. Schreiber, contrary to the information you had been given to that point—

Mr. Luc Lavoie: I was never told the contrary, by the way.

Mr. Thomas Mulcair: No, but publicly, the contrary was said. It was said that Mr. Mulroney had never had any dealings with that gentleman, except coffee at the hotel. We're not going to go around telling stories.

Here's what I'm trying to find out from you. At that point, did you ask the question whether he had reported that money to the tax authorities?

Mr. Luc Lavoie: I didn't have to ask him that because he gave me the answer before I asked the question.

Mr. Thomas Mulcair: What was his answer?

Mr. Luc Lavoie: He had paid his taxes.

Mr. Thomas Mulcair: On what amount?

Mr. Luc Lavoie: He had paid his taxes on what I had just been told. He had a retainer of tens of thousands of dollars in three cash payments, and the taxes had been paid. That's what was communicated to me.

• (1645)

Mr. Thomas Mulcair: By?

Mr. Luc Lavoie: By Mr. Gérard Tremblay.

Mr. Thomas Mulcair: All right. Did you subsequently speak with Mr. Mulroney about that amount?

Mr. Luc Lavoie: No.

Mr. Thomas Mulcair: You never mentioned those payments to Mr. Mulroney at any time between the spring of 2000 and February 2008?

Mr. Luc Lavoie: I mentioned them one evening by telephone last fall, shortly before his testimony.

Mr. Thomas Mulcair: You are his main spokesperson, you made statements that other committee members reported today, you mentioned three payments of \$100,000, you have an explanation for that—we were all convinced that you would have one when you came here: a communications expert such as you wouldn't come here to discuss so flagrant a contradiction in public without having a good explanation—we all expected that, but I did not really expect that

you would come here today to tell us under oath that, between the spring of 2000 and the fall of 2007, you never spoke about that amount with your client, who is no more or less than a former prime minister of Canada.

Mr. Luc Lavoie: First, he is no longer a client, if you mean that in the strict sense of the term.

Mr. Thomas Mulcair: No, but you were his spokesman in 2007.

Mr. Luc Lavoie: Agreed.

Mr. Thomas Mulcair: You used the title spokesman of the former prime minister; we'll agree on that.

Mr. Luc Lavoie: I agree. He wasn't a client in the strict sense of the term, but, well, yes, you're right. The question you raise is whether I discussed that amount with him? No.

Mr. Thomas Mulcair: That was never mentioned?

Mr. Luc Lavoie: No.

Mr. Thomas Mulcair: At no time—you were given the quotations, those from last fall—when you spoke about the three \$100,000 payments, did Mr. Mulroney tell you that you had to go back and correct the figures?

Mr. Luc Lavoie: I told you: that evening, he called me to tell me very calmly and very specifically that there were three \$75,000 payments.

[English]

The Chair: Thank you.

Finally, we'll go to Mr. Hubbard.

Hon. Charles Hubbard (Miramichi, Lib.): Thanks, Mr. Chair.

Monsieur Lavoie, on Tuesday we heard from Mr. Spector. You and he worked in the Prime Minister's office at around the same time. Am I right to assume that you were there as part of the PC Party that had become the Government of Canada at the time?

Mr. Luc Lavoie: I never was a member of any political party.

Hon. Charles Hubbard: Mr. Spector talked about money flowing through the office. You were not aware of any of the PC Canada Fund, or you didn't see any of that activity, which was reported to us.

Mr. Luc Lavoie: What activity?

Hon. Charles Hubbard: Well, he talked about \$5,000 a month, money flowing through and going somewhere. So you didn't....

Mr. Luc Lavoie: No.

Hon. Charles Hubbard: Regarding your relationship with Mr. Mulroney, we hear that the present government, with its ministers, has cut off any relationship, any contact, between Mr. Mulroney and the Harper government. It's also curious to me why you have ceased to become part of Mr. Mulroney's group. I believe you ceased working for him or with him in the fall of 2007.

Mr. Luc Lavoie: Yes, I did.

Hon. Charles Hubbard: What reason was there? Was it tied in any way to the fact that the relationship with the Harper group had been cut off? Do you still have any relationship with the Harper government, in terms of relating with ministers, in your business or with your board?

Mr. Luc Lavoie: Number one, the relationship with Mr. Mulroney was terminated simply because, as I explained to the media, helping Mr. Mulroney with his communication when it involved six or seven calls a month was something I could deal with; helping Mr. Mulroney with his communication when it involved 35 to 40 calls a month at the level of crisis we were going through was simply incompatible with my profession. That's point number one.

Point number two had nothing to do with the cut-off from the Harper government.

Point number three is that no, I haven't had any contact with ministers in the government of Prime Minister Harper, but it might happen in the future, because we are in a business that is regulated. We are in a business that is quite important, that does a lot of business. I don't see why I wouldn't perform my duty as I'm supposed to.

Hon. Charles Hubbard: My time is probably expiring, but Mr. Lavoie, when you have a friend who is in big trouble, and you're the expert...I would have to ask myself why one of my best friends, who's an expert in the field, would leave my needs when I am in this need of help.

• (1650)

Mr. Luc Lavoie: I do have an answer for that. His best friend—and I don't know if I am his best friend, but we certainly had a very friendly relationship, and we still do—could not serve him well. He was not being well-served, because his friend, me, had a real-time job. It's a job as the executive vice-president in a major corporation. I had to perform my duties.

[Translation]

The Chair: Mr. Lavoie, that's all.

Mr. Luc Lavoie: Thank you, Mr. Szabo.

[English]

The Chair: We want to thank you for appearing before us.

You have challenged us a little bit. I think there's more. I would just indicate to you that as we move through this process I think your name may come up to come back before this committee. But that will be up to the committee to decide when we have our review at the end. Thank you kindly.

We are going to suspend now for five minutes so we can have a changeover and welcome our second witness.

• (1650)

(Pause)

• (1655)

The Chair: We'll resume, colleagues.

Our next witness is Mr. François Martin, who is the former chef and manager of Prime Minister Mulroney's official residence at 24 Sussex Drive. He held that position for four years and resigned in 1989.

Good afternoon, Monsieur Martin. I want to welcome you before the committee. Please take your time. This is an information meeting, and I'm going to explain it to you.

The committee is doing a study. We are trying to gather some information, and it relates primarily to the ethical conduct and the

rules and the regulations that we have. This committee is a committee of Parliament, and it is normal practice for us to swear in our witnesses, so that they swear they will tell the truth to the committee when they answer the questions. But anything you say here is protected, so it could not be used against you in any way.

We're here to have a conversation with you. It's to promote free speech. So I'm going to ask right now if the assistant clerk will swear you in, so we can start having our discussion together.

• (1700)

[Translation]

Mr. François Martin (As an Individual): Thank you.

Ms. Erica Pereira (Committee Clerk, , House of Commons): Repeat after me. I swear to tell the truth, the whole truth and nothing but the truth, so help me God.

Mr. François Martin: I swear to tell the truth, the whole truth and nothing but the truth, so help me God.

[English]

The Chair: Thank you.

Now the question on everybody's mind is about the fact that you are now employed with the world-renowned Cirque du Soleil. *C'est correct?* Tell us what you do there.

[Translation]

Mr. François Martin: That's correct. I am Director of Food Services at headquarters in Montreal.

The Chair: Very well.

[English]

I know you're a little apprehensive. I want to take this slowly with you and I want you to relax. I know that anybody who comes before a committee for the first time is wondering about the process and what's going to happen here. You were here a little while ago to hear some of the proceedings with Mr. Luc Lavoie, who has been involved in this matter for many years. He knows how things work. He was obviously very comfortable.

I want you to understand that this isn't a court. We're not trying to find anybody innocent or guilty. We are conducting a study and we're trying to find out some information and some facts, which will help us to better understand a pretty complicated situation.

Your position, working at 24 Sussex and having an occasion to see and to hear things, to meet people, to know who was there and who came around, may be helpful to us to understand the relationships that exist among a variety of people. You are one of many witnesses, and I don't expect that you're going to help us in broad ways, but I have a feeling that the kinds of things you can tell us will give us a better sense, so that we better understand as other people tell us about what's going on.

I want to affirm to you that any testimony or evidence you provide to us it is protected by parliamentary privilege. That means that none of what you say here can be used against you by anyone for any proceeding, whether it be a court proceeding or an inquiry or anything. It's here, and it's protected here, and it can't be used at all.

As I said, because you were an employee—and from all we know, you did a very good job on behalf of the Prime Minister at the time—we've asked you here to help us. And that's exactly why you're here: to express freely your opinions, your views, your observations, your speech.

Having said that, I know you will try to answer the questions to the best of your ability, and we will work together to make sure we have the time to properly explain ourselves.

Do you have any questions to ask before we start?

[Translation]

Mr. François Martin: No, not really. That happened a number of years ago, so I'm going to try to give the most precise and clear answers possible. That goes back some 20 years.

The Chair: I understand.

[English]

I'm going to commence, then, with Mr. Dhaliwal, who is going to ask you some questions for a few minutes. We'll get it started and see how it goes. Okay?

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

I'm interested in your describing for Canadians and to our nation the details of your handling cash for the Mulroneys while you were employed as their chef and manager at 24 Sussex Drive.

The first question is this. You would pick up envelopes full of cash for the Mulroneys from the Prime Minister's office. Is that correct?

• (1705)

[Translation]

Mr. François Martin: No, I didn't pick up any envelopes from the prime minister's office. Once I picked up an envelope from an office that was that of Fred Doucet at the time, a brown envelope that I took over to the residence.

[English]

Mr. Sukh Dhaliwal: What was contained in that brown envelope that you picked up from Mr. Doucet?

[Translation]

Mr. François Martin: I have no idea what was in that envelope. I transported the envelope as a messenger because I was going to the Langevin Building office. So I took that envelope. I remember it because, before that, Mrs. Mulroney had asked me to make a \$10,000 deposit at the Bank of Montreal on the pedestrian mall behind the Langevin Building. The envelope contained \$10,000, as I told you, and I deposited it while I did my errands, groceries and so on.

I particularly remember Mr. Doucet's envelope because it looked like the one that Mrs. Mulroney had first given me, but I had no idea at the time what the envelope contained.

[English]

Mr. Sukh Dhaliwal: At one point you said there was lots of cash at 24 Sussex when you had a job there as a manager. Is that true?

[Translation]

Mr. François Martin: Where was there a lot of money? I don't understand your question. Are you asking whether there was a lot of money circulating? I don't understand your question.

[English]

Mr. Sukh Dhaliwal: Flowing around the house at 24 Sussex Drive....

[Translation]

Mr. François Martin: Look, I held petty cash of \$1,500 to cover expenses and to support the two residences at the time. I don't remember seeing money flowing or anything of that kind.

[English]

Mr. Sukh Dhaliwal: It is my understanding a special safe was installed in your office to handle or hoard the cash in Mulroney's.... Could you confirm that is true?

[Translation]

Mr. François Martin: I can confirm for you that there was a safe in my office, but I don't know what it contained. I can't give you an answer on that subject.

[English]

Mr. Sukh Dhaliwal: Who could access that safe?

[Translation]

Mr. François Martin: There was Prime Minister Mulroney, as well as his assistant at the time, Mr. Rick Morgan.

[English]

Mr. Sukh Dhaliwal: So those were the only people who kept track of the money going into and coming out of that safe, Mr. Morgan and Mr. Prime Minister at that time.

[Translation]

Mr. François Martin: To my knowledge, yes. As I told you, those people used the safe, but I don't know whether they put money or documents in it. It was in my office, and they came and left. I was very busy directing the two kitchens and organizing the staff. I didn't glue my ear to the door to find out what was going on.

[English]

Mr. Sukh Dhaliwal: You said earlier the envelope you picked up from Mr. Doucet was either the same or a similar envelope that you deposited into the Bank of Montreal.

[Translation]

Mr. François Martin: It was similar to the envelope I had deposited once at the Bank of Montreal for Mrs. Mulroney, to a bank account that belonged to her. I don't see anything illegal in that. I thought that was one of a number of trivial errands.

[English]

Mr. Sukh Dhaliwal: Did you do any other personal banking besides this deposit at the Bank of Montreal for Mrs. Mulroney?

[Translation]

Mr. François Martin: No, never.

[English]

Mr. Sukh Dhaliwal: You never had any other dealings with cash flowing through Mr. Mulroney and Rick Morgan.

• (1710)

[Translation]

Mr. François Martin: No.

[English]

Mr. Sukh Dhaliwal: Did you ever see the following people, whom I am going to name, at 24 Sussex Drive? I will start saying and you can say yes or no.

Gerry Doucet.

[Translation]

Mr. François Martin: I don't remember. I'm sorry, I don't remember.

[English]

Mr. Sukh Dhaliwal: How about Mr. Karlheinz Schreiber?

[Translation]

Mr. François Martin: I don't remember either. I'm sorry. It's been years.

[English]

Mr. Sukh Dhaliwal: How about Frank Moores?

[Translation]

Mr. François Martin: I don't remember. Perhaps.

Look, I kept my agendas and the menus I created for the meetings, the business dinners and the formal dinners at 24 Sussex Drive. I could submit the documents I have to you, but I don't exactly remember the names of the individuals.

[English]

Mr. Sukh Dhaliwal: I would appreciate, Mr. Chair, if Mr. Martin could hand over those records to us here.

The Chair: Has it been established exactly what? If we're going to—

Mr. Sukh Dhaliwal: Those records of the people when he was organizing those dinners.

The Chair: You will have to be specific about a period of time. He was there for four years, I think. Let's be reasonable. What are you looking for?

Mr. Sukh Dhaliwal: It's that he go through his records and tell me whether they contain names of some of the people I said were seen at 24 Sussex Drive then.

The Chair: Is that clear enough to ask the witness? Is it with regard to specific functions? There are political and non-political people, there are visitors.... I mean—

Mr. Sukh Dhaliwal: As visitors.

Hon. Robert Thibault: A point of order.

The Chair: Yes, Mr. Thibault. Maybe you can help us out.

Hon. Robert Thibault: Perhaps I could recommend that we not act on this immediately. As a committee, in the future we can decide what documents we need to ask people for. We can have that discussion at that time.

The Chair: All right. That sounds like a good approach.

Let's move on now.

Mr. Ménard.

[Translation]

Mr. Serge Ménard: Thank you, Mr. Chairman.

Mr. Martin, you say that Fred Doucet gave you an envelope once, but that you didn't know what it contained.

Mr. François Martin: No.

Mr. Serge Ménard: So Mr. Doucet didn't give you any envelopes on a number of occasions.

Mr. François Martin: No, it happened once: I went up to his office to pick up that envelope.

Mr. Serge Ménard: And on one occasion, at Mrs. Mulroney's request, you went to convey an envelope that contained a \$10,000 deposit.

Mr. François Martin: That's correct.

Mr. Serge Ménard: And that happened only once.

Mr. François Martin: Yes.

Mr. Serge Ménard: You know things were written about you.

Mr. François Martin: All kinds of things were written.

Mr. Serge Ménard: Yes. You've read them, I imagine.

Mr. François Martin: Yes and no, but they were also reported to me.

Mr. Serge Ménard: Yes, but I imagine you were interested in knowing what was said about you.

Mr. François Martin: No, not really.

Mr. Serge Ménard: No?

Mr. François Martin: No, because it wasn't always the truth.

Mr. Serge Ménard: That's precisely what I want to know.

It was said that, according to you, cash fell from the skies at 24 Sussex Drive, didn't it? You remember that, I'm sure.

Mr. François Martin: Yes, it's true, it went quickly. I'm from a family of eight children, so there wasn't a lot of extravagance, never-ending expenses. I entered an environment where major expenditures were made, and things went very quickly. So I may have said that, of course.

Mr. Serge Ménard: You were especially reported as saying that it was cash that flowed as though it were falling from the sky.

Mr. François Martin: No, no. I spent a lot of money, I had open accounts across Ottawa for purchases, but I didn't see any money, physically, flowing at the residence.

Mr. Serge Ménard: You obviously organized large receptions. So you needed a big budget to buy high-quality things.

Mr. François Martin: Yes.

Mr. Serge Ménard: When you made those kinds of purchases, it was paid for by the Mulroneys, or by the government?

Mr. François Martin: I have no idea. I submitted the invoices and the receipts from my petty cash, but as regards other places where I had open accounts, I signed, and the bill was sent—

• (1715)

Mr. Serge Ménard: It was sent to the government.

Mr. François Martin: Probably to the government.

Mr. Serge Ménard: To someone who processed it. So you didn't pay it.

Mr. François Martin: No.

Mr. Serge Ménard: And it wasn't the Mulroneys either.

Mr. François Martin: I don't know the administrative mechanism.

Mr. Serge Ménard: It was also reported that you said Mrs. Mulroney regularly asked you to transport thick envelopes containing cash from the prime minister's office. Is that true?

Mr. François Martin: That's false.

Mr. Serge Ménard: All right.

So you knew that that had been written, but that it was false.

Mr. François Martin: Yes.

Mr. Serge Ménard: According to what was said, you stated that Mrs. Mulroney had given you envelopes containing cash so that you would deposit them at the Bank of Montreal branch on Wellington Street in Ottawa.

Mr. François Martin: It was one envelope.

Mr. Serge Ménard: It was only one envelope?

Mr. François Martin: Yes, it contained \$10,000.

Mr. Serge Ménard: When those things were said about you, did you tell someone that it wasn't true, that what was being told was false?

Mr. François Martin: What do you mean by "tell someone"?

Mr. Serge Ménard: Someone in your circle.

Mr. François Martin: Yes.

Mr. Serge Ménard: So you said it to people in your circle?

Mr. François Martin: Yes.

Mr. Serge Ménard: Were your relations—

Mr. François Martin: Did I challenge that article? No.

Mr. Serge Ménard: Did you talk about it with the Mulroney family?

Mr. François Martin: No.

Mr. Serge Ménard: Did you let those people know that things were attributed to you that you did not say?

Mr. François Martin: No. I was big enough to defend myself.

Mr. Serge Ménard: And how did you defend yourself against those lies?

Mr. François Martin: There is absolutely no point in me hearing... People can say anything. They report anything. On Saturday, in the *Journal de Montréal*, they said that Mrs. Mulroney

and I didn't have good relations, which is totally false. We had a very good relationship. There's no end to it.

Mr. Serge Ménard: Since this committee has been sitting and you've known that you were summoned, have people contacted you to check the testimony you were going to give?

Mr. François Martin: No.

Mr. Serge Ménard: No one contacted you?

Mr. François Martin: A number of journalists from newspapers such as *La Presse* and the *Globe and Mail* telephoned me before I was contacted to testify. I never returned their calls.

Mr. Serge Ménard: Did anyone in Mr. Mulroney's circle contact you indirectly?

Mr. François Martin: No.

Mr. Serge Ménard: Not at all?

Mr. François Martin: None.

Mr. Serge Ménard: You were also reported as saying on two occasions that you saw Mr. Mulroney withdraw cash from a safe that was the size of a refrigerator.

Mr. François Martin: I don't know whether that was money. It was always in envelopes; there were always documents. I didn't pay any attention to it.

Mr. Serge Ménard: Is it true that there was a large safe?

Mr. François Martin: Yes.

Mr. Serge Ménard: In the basement with you?

Mr. François Martin: Yes.

Mr. Serge Ménard: I see. It was as big as a refrigerator, but it didn't look like a refrigerator. It wasn't a kind of disguise.

Mr. François Martin: I never associated it with a refrigerator, but it was about four feet high.

Mr. Serge Ménard: I have no further questions. Thank you.

[English]

The Chair: Thank you.

Mr. Martin, please.

Mr. Pat Martin: We have no questions for this witness, other than to thank him for attending.

The Chair: Thank you.

Mr. Del Mastro.

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

And thank you, Mr. Martin for appearing. We appreciate it. We know it was an inconvenience for you to do so.

I'm going to ask you a few questions, and don't be intimidated by them. Could you tell the committee what involvement or first-hand knowledge you have of the Bear Head project?

[Translation]

Mr. François Martin: None. Sorry.

[English]

Mr. Dean Del Mastro: Thank you.

Could you tell the committee what involvement or first-hand knowledge you have of the purchase of Airbus planes by Air Canada?

[Translation]

Mr. François Martin: Same thing, I knew nothing.

[English]

Mr. Dean Del Mastro: Okay, thank you.

[Translation]

Mr. François Martin: I'm better at cooking.

[English]

Mr. Dean Del Mastro: Could you tell this committee what involvement or first-hand knowledge you have in the consulting agreement between Brian Mulroney and Karlheinz Schreiber?

[Translation]

Mr. François Martin: Like virtually everyone, I read about it in the newspapers. But before that, I had no idea.

[English]

Mr. Dean Del Mastro: Thank you.

Could you tell the committee what involvement or first-hand knowledge you have of the circulation of correspondence from the Privy Council Office to the Prime Minister's office, with particular emphasis on the correspondence sent by Karlheinz Schreiber to the current Prime Minister Harper?

● (1720)

[Translation]

Mr. François Martin: I have no idea.

[English]

Mr. Dean Del Mastro: Thank you.

Mr. Martin, I'm satisfied that you really have no evidence to offer this committee concerning the Bear Head project, the Airbus purchase, or the consulting agreement between a former prime minister and Mr. Schreiber.

I'd like to remind the chair and members of the committee of the directive this committee agreed to, which is:

That in order to examine whether there were violations of ethical code of conduct standards by any office holder, the Standing Committee on Access to Information, Privacy and Ethics review matters relating to the Mulroney Airbus settlement, including any and all new evidence, testimony and information not available at the time of the settlement, and including allegations related to the Right Honourable Brian Mulroney made by Karlheinz Schreiber, and in particular the handling of allegations by the present government, including the circulation of relevant correspondence from the Privy Council Office and the Prime Minister's Office.

That is the direction of this committee.

Mr. Martin, I would like to apologize for bringing you before this committee and putting you through the ordeal you've had to go through. It was most unnecessary.

And I remind all of my colleagues that they should exercise due consideration when they are doing this to a witness. I think it was uncalled for.

I have nothing further.

The Chair: Well, Mr. Del Mastro, thank you very much. I should at least remind you that the witness list was proposed to the committee on December 15, and it was approved by the committee. I understand that the Conservatives did not suggest any witnesses, for any purposes, for this entire study. I understand that. But still, we, as a committee, had a proposed witness list and it was approved by the committee. We're just following through.

Sometimes witnesses have been misquoted. I think Mr. Martin has told us that some of the things written in the newspapers were incorrect and he saw no reason to correct them.

Mr. Martin, have you ever met Karlheinz Schreiber?

[Translation]

Mr. François Martin: Not that I remember, no.

[English]

The Chair: So up to the period when you were still there, up to 1989, you never saw Mr. Schreiber at 24 Sussex?

[Translation]

Mr. François Martin: As I told you earlier, I don't remember that gentlemen. His name might perhaps appear in my agenda and in the menus related to the guest lists. Otherwise, I was busy working in the kitchen and preparing to receive those people.

[English]

The Chair: Okay, thank you.

Mr. Hubbard, please.

Hon. Charles Hubbard: Thanks, Mr. Chair.

Mr. Martin, as the chef there, you were responsible for the kitchen and for looking after guests and so forth. You must have done a very good job because you worked there for a number of years, and people always speak very highly of you.

Did you have a budget to do that, so much a month, or how did you manage your activities?

[Translation]

Mr. François Martin: I had carte blanche. So I had no budget.

[English]

Hon. Charles Hubbard: I think every chef would be very proud to have that kind of job.

Mr. François Martin: Yes. *Oui*.

Hon. Charles Hubbard: We had this guy, Mr. Spector, here. Do you watch this at all or are you so busy with your other things you don't bother with what happens in Ottawa any more? Do you read the newspapers, watch TV to see all the news that's going on about this Schreiber and Mulroney thing, or is it just passed—

[Translation]

Mr. François Martin: I watched the six o'clock news, where it concerned Mr. Spector.

[English]

Hon. Charles Hubbard: When Mr. Spector came, a Mr. Pratte had written Mr. Spector a letter telling him to be very careful before he came before the committee. Mr. Pratte is a high-priced lawyer who works for Mr. Mulroney.

Did you get any letter like that telling you to be very cautious about what you were going to say to the committee?

[Translation]

Mr. François Martin: I received nothing, and if I had, I would say so here.

● (1725)

[English]

Hon. Charles Hubbard: And you pick up your mail each day? It wouldn't be sitting in a box somewhere, a postal box?

It rather amused me that Mr. Spector got a warning before he came, to be very careful about what he said.

Like Mr. Del Mastro, we appreciate your coming. We had all sorts of evidence about money being transferred to 24 Sussex, and they alluded to the fact that somebody there was getting cheques from the Prime Minister's office, and they were taking them over. Mr. Spector even left accounts here showing where some of that money was spent. Lampshades were being broken nearly every week at 24 Sussex. The papers we got said nearly every week they bought a new lampshade. They bought a lot of covers and so forth. There's a long list of things that were happening there. It seems as if there was a lot of damage.

When you worked there did you have any evidence of wild parties and things being broken?

[Translation]

Mr. François Martin: No.

[English]

Hon. Charles Hubbard: No, it went very well for you.

I certainly want to thank you for coming. I hope you have a good job back where you are, and good luck with it.

Thank you very much.

Mr. François Martin: *Merci beaucoup.*

The Chair: Thank you.

Mr. Ménard, I believe, had a question.

[Translation]

Mr. Serge Ménard: Everyone is curious. Did you meet Stevie Cameron?

Mr. François Martin: Yes.

Mr. Serge Ménard: Did you speak to her?

Mr. François Martin: Yes.

Mr. Serge Ménard: Have you previously spoken to her?

Mr. François Martin: Yes.

Mr. Serge Ménard: Did you tell her how things were going?

Mr. François Martin: Yes.

Mr. Serge Ménard: Is what you told her consistent with what she wrote—

Mr. François Martin: No.

Mr. Serge Ménard: —or with what you're saying today?

Mr. François Martin: It's consistent with what I'm telling you today. It's highly novelized. Ms. Cameron is very big on “novelizing”.

Mr. Serge Ménard: I don't call that novelizing. When you regularly talk about envelopes full of cash, that's not a novel.

Mr. François Martin: It's fiction.

Mr. Serge Ménard: From what you say, you went to pick up an envelope only once. That's what you told her.

Mr. François Martin: That happened once to me. I don't know whether there were other individuals—

Mr. Serge Ménard: That's what you told Stevie Cameron.

Mr. François Martin: Yes, like I told her that I had a petty cash, that I had the \$1,500 and that I had also gone to pick up an envelope at Fred Doucet's office, at one point, that looked a lot like the first envelope that I had—

Mr. Serge Ménard: You must have been very surprised when you read what she wrote about what you had told her.

Mr. François Martin: Yes.

Mr. Serge Ménard: She simply lied, didn't she?

Mr. François Martin: In any case, she changed the story, she changed my—

Mr. Serge Ménard: All right. That's what I wanted to know. Thank you.

[English]

The Chair: Mr. Martin, when the committee proposed its witness list in December, the process we went through was to communicate with each of the recommended witnesses.

Do you recall telephone conversations with an assistant clerk? Her name is Julia. Do you remember speaking to Julia?

[Translation]

Mr. François Martin: Yes.

[English]

The Chair: Julia is an assistant clerk and her job is basically to find out your availability and times when you wouldn't be available—I know you do some travelling, etc.— and she makes notes. She makes very detailed notes, as a matter of fact.

On review of those notes, I see that the first time she contacted you, you told her that you did not want to come, that you would not come, in fact. Is that right?

[Translation]

Mr. François Martin: Yes, because I was very busy; it was the end of the year.

[English]

The Chair: Also in her notes was a quotation from you that you were very disgusted with what was going on at 24 Sussex and you didn't want to even talk about it. That's correct, isn't it?

[Translation]

Mr. François Martin: I said “disgusted”?

[English]

The Chair: You were disgusted with what was going on at 24 Sussex. You told her that.

[Translation]

Mr. François Martin: Perhaps, yes.

[English]

The Chair: All right. Thank you for that.

Now, I know you didn't want to come. I know you were disgusted with what was there and I know, as a consequence, you worked long hours. You needed to get out of there and you did.

What did you find so disgusting at 24 Sussex that you would not want to come before this committee? What was it that you were disgusted about, sir?

I remind you, you are under oath. I don't know whether or not anybody has tried to coach you on your witnessing, but I think it's important that you answer the question for the committee.

• (1730)

Mr. Dean Del Mastro: A point of order, Mr. Chair.

The Chair: I'm in the middle of a question.

Mr. Dean Del Mastro: But how is that related to the study before the committee?

A voice: He's a witness.

Mr. Dean Del Mastro: Okay, but he's—

The Chair: Order.

You're debating. That's not a point of order.

Mr. Martin, could you try to answer the question for us?

[Translation]

Mr. François Martin: I was young at the time; I arrived at 24 Sussex Drive at the age of 24. At one point, I felt that the

expenses were big. The lifestyle and the work that I was doing no longer suited me. So I decided to pull up stakes and go and carry on my occupation elsewhere, quite simply. It was professional, and I wanted to do something else.

[English]

The Chair: Thank you very much. I wanted to understand that because—you can understand—when someone initially refuses to appear and gives a reason such as that, without any details, it's important for you to be on the record as to why you responded. Your answer is perfectly acceptable.

You are here and I think you've been very honest with us, so thank you very much for being here.

I'm going to excuse you now.

[Translation]

Mr. François Martin: Thank you.

[English]

The Chair: Colleagues, there is just one item I would like to give you notice of. You have received, and it was circulated to your places, a document in both official languages from the law clerk of Parliament on the powers of Parliament to call for persons, papers, and records. The law clerk gives you the information you will need to discuss our ability to subpoena records such as tax returns, etc., with any other parties, so you will have the legal opinion from Parliament to give you the basis you need to have.

Are there any questions about that?

Yes, Mr. Wallace.

Mr. Mike Wallace: If the motion comes forward to do a subpoena, I would like the law clerk to be here to discuss the paper.

The Chair: Absolutely. This is just for your information, to let you know what you have.

There being no further business, we're adjourned.

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