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Chair

Mr. Paul Szabo

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Standing Committee on Access to Information, Privacy and Ethics

Thursday, December 6, 2007

•(1110)

[English]

The Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Good morning. I call to order the seventh meeting of the Standing Committee on Access to Information, Privacy and Ethics, in relation to our study of the Mulrony Airbus settlement.

I also ask for silence in this room throughout the meeting, as usual.

Appearing before us is Mr. Karlheinz Schreiber, who is accompanied by his legal counsel, Mr. Richard Auger, who may advise his client but not address the committee.

Good morning, Mr. Schreiber.

Good morning, Mr. Auger.

Just a brief reminder about our translators. If the members or the witnesses have documents from which they're going to read, and if there are copies of that available, it would be helpful to them if it could be provided to the clerk, who will give it to the translators, so that we can have a clear translation of the documents.

Mr. Schreiber, the members received copies of the documents you tabled with us late yesterday afternoon. Those documents have also been provided to the press gallery and to Mr. Mulrony. As such, we will have to be a little patient with those members who are not conversant with all of the documents at this time; there was a substantial amount.

Finally, let me just remind you again that refusing to answer a question is not an option. I will, however, consider any arguments or justification you may have as to why an answer cannot be fully given at this time. I also remind you that you are covered by parliamentary privilege, which means that no testimony given by you before this committee can be used against you in any other proceeding. Perjury, however, is another matter.

I would now like to move to the first round of questioning. I give the floor to Mr. Thibault.

Oh, I apologize, Mr. Schreiber. I did offer that if you wanted to make a statement to the committee at any time, we would welcome it. So I ask you now—

Mr. David Tilson (Dufferin—Caledon, CPC): On a point of privilege, we went through this the last time, Mr. Chairman, where you gave a very lengthy statement and then you invited Mr. Schreiber to give a very lengthy statement.

I don't believe the witnesses in this committee have the right, each time, to give opening statements. He's had an opportunity to give his opening statement.

The Chair: Mr. Tilson, that is not a matter of privilege.

Mr. David Tilson: Well, you haven't let me finish, Mr. Chairman. I can only talk so fast. I know you like to talk fast, but I don't talk as fast as you do.

I'm simply telling you that members of this committee have a number of questions they want to put to this witness, and we only have a certain period of time to do that. I don't believe you have the right to invite witnesses each day—if they're here day after day—to give opening statements. You don't have the right to do that; the committee has a right to do that. We have rules in this committee, sir, and you can't set your own rules.

The Chair: Thank you, Mr. Tilson.

Yesterday at the committee—

Hon. Charles Hubbard (Miramichi, Lib.): May I move a motion that Mr. Schreiber be given five minutes for an opening statement?

The Chair: We are on a point of privilege right now. I can't entertain your motion, but I do hear you.

Are you finished, Mr. Tilson, with your point?

Mr. David Tilson: Yes, sir.

The Chair: Okay.

At our last meeting, I did make the statement inviting Mr. Schreiber, either now or at any future time, to make a statement to the committee.

Mr. Schreiber, you understand that committee members are anxious to move on to questions. But I offered that to you. It was sincere and important that the offer be made to you to clear up any matters, hopefully. How much time would you require to make an opening statement, sir?

Mr. Karlheinz Schreiber (As an Individual): Probably two minutes.

The Chair: Two minutes?

Mr. Tilson, would that be all right, approximately two minutes?

Mr. David Tilson: I don't think witnesses should.... He's had his time for an opening statement.

You keep going on, sir. You can't do that. You make these statements and then you just ignore what we say and proceed. It's most inappropriate.

The Chair: Thank you, Mr. Tilson.

I've made a decision, and I've offered it to Mr. Schreiber. I'm going to keep my word.

Mr. Schreiber, you have two minutes to make an opening statement.

Mr. Karlheinz Schreiber: First of all, I want to say good morning to you, Mr. Chairman and all the members.

Last time, until now, you received the road map in the case, because I think only when you understand the history can you manage the present and the future. This is what I learned.

Since 1997, through the Attorney General of Canada and the RCMP, I was blocked from the Department of Justice to bring forward my case until today. I knew that Canadians and I can find the truth only in a courtroom or in a public inquiry, when people have to testify under oath, knowing there are people around who know when one is committing perjury. Although I asked for years for a public inquiry, thank the Lord that this committee started the process after all these years.

I did not ask for a public inquiry concerning the payment of \$300,000. I would be out of my mind to ask for something I know better than anybody else.

The last letter I sent to Prime Minister Harper tells you what I want for all Canadians: a full public inquiry into the biggest political justice scandal in the history of Canada, with international implications, the cover-up action from the present government, the lies of the Minister of Justice, the kidnapping allowed on me, etc. Who is so scared that the justice department and the RCMP get involved in all kinds of illegal actions against me?

Disappointment in this case is not the world you live in. How will you understand in a short time what happens without my help in four hours? You should be very satisfied, at least those of you who want the inquiry. Media people understand the case because they have been in it for 13 years. There are others who think they know the case and they don't.

Read. This is what I heard. Ask, listen, you learn. Always ask why. Nothing has changed. It is a fight for power and big money. You can listen to one who knows or others who know nothing.

That's it. Thank you.

•(1115)

The Chair: Thank you kindly, Mr. Schreiber.

I'm now going to give the floor to the Honourable Robert Thibault.

[Translation]

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

Before starting the questioning, I would like to make a motion.

[English]

In light of the fact that we have a lot of information to get from this and other witnesses and that seven-minute and five-minute rounds are insufficient to be able to get into any detail whatsoever, I would move that all rounds of questioning be 10 minutes per questioner.

The Chair: That motion is in order. Is there any debate?

Mr. Tilson.

Mr. David Tilson: Mr. Chairman, I don't have any problem with that. Quite frankly, 10 minutes aren't enough. Probably 20 minutes aren't enough.

This whole process is inadequate to properly find what's going on in this whole matter. You could ask three questions, which could lead to three more questions. I have no problem supporting your motion, but the problem with it is this is almost turning into some sort of inquiry itself, for which 10 minutes aren't enough. We're starting to do the work of the public inquiry, which hasn't even begun yet.

I have no problem agreeing with what you're saying, but I do that with the qualification that 10 minutes aren't enough.

The Chair: Thank you.

Is there further debate?

I will then put the question on increasing the time slots for all speakers to 10 minutes.

(Motion agreed to)

The Chair: Mr. Thibault, *s'il vous plait*, for 10 minutes.

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

Welcome again, Mr. Schreiber, counsel.

Mr. Schreiber, today I'd like to explore the source of the \$300,000 that you paid out to Mr. Mulroney. I'd also like to have your thoughts on a public inquiry—why you considered it necessary and why you would see that some people would not think it a good idea to have that.

In order to get to that question, though, I have a few questions to ask, and I'd ask you to be as brief as possible. A “yes” or “no” may suffice in many of these.

[Translation]

Mr. Schreiber, in your testimony, you stated that the \$300,000 paid to Mr. Mulroney came from the Britan account. Can you confirm that all the money in the Britan account came from the Frankfurt account? Please answer yes or no.

[English]

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: Can you confirm that the Frankfurt account held funds that originated from International Leasing for which you were the trustee?

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: Can you confirm that the funds that ultimately ended up in the Frankfurt account came from success fees from projects involving MBB, Airbus, and Thyssen?

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: In 1985, IAL reached an agreement with Thyssen that “In the event that a contract is signed...regarding...a plant in Bear Head Island, a one-time fee of...\$4 million” would be paid, and on September 27, 1988, you, along with three ministers of the Mulroney government, signed an understanding in principle to support the building of Thyssen's light armoured vehicle facility in Cape Breton. As a result of the agreement, \$4 million was paid to IAL.

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: To be clear, this payment was made even though the plant was never set up. Is that correct?

Mr. Karlheinz Schreiber: Yes.

[Translation]

Hon. Robert Thibault: You said that you came to an agreement with Mr. Mulroney at Harrington Lake that he would work for you. Did you expect the work to be done for nothing?

[English]

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: You're telling us that for the work Mr. Mulroney would be doing with you, which you ultimately paid out of the money coming from Thyssen, your understanding at Harrington Lake was that he would be working pro bono; he would be working for nothing, for no money?

Mr. Karlheinz Schreiber: No.

Hon. Robert Thibault: He would be receiving some money. That was the understanding.

Mr. Karlheinz Schreiber: Sure.

Hon. Robert Thibault: While you didn't discuss the amount, the understanding was that he would receive funds from you for the work that you would do.

Mr. Karlheinz Schreiber: Yes. I had to check first what was available, and I learned from the documents from *the fifth estate* that I think shortly after the meeting in Harrington Lake—it must have been ten days or something like that—I ordered the bank to open this account and transferred the money that was reserved at the Frankfurt account to the Britan account, which was for Mr. Mulroney, related to Cape Breton, the project.

• (1120)

Hon. Robert Thibault: I'll restate it. You also stated last Thursday that the amount available for the project was \$500,000.

Mr. Karlheinz Schreiber: Yes. It was the rest.

Hon. Robert Thibault: The bank records show that you transferred \$500,000 from the Frankfurt account to the Britan account on July 26, 1993.

Mr. Karlheinz Schreiber: When you say so, I take it that you have the account. But as I said, I investigated this earlier and the account was set up 10 or 15 days earlier.

Hon. Robert Thibault: After having set up that account on July 26, or transferred the funds, the next day you withdrew \$100,000 from the Britan account, which you later gave to Mr. Mulroney in August. Correct?

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: How did you know to transfer \$500,000 to Britan, and more importantly, how did you know to bring \$100,000 in cash to Brian Mulroney? Did somebody suggest that you bring the money in cash to him?

Mr. Karlheinz Schreiber: It was not specifically discussed, but when you see that money was there in the account.... I would not have even been able to write a cheque or do something like this, so I took it in cash, like other days as well, and brought him the cash.

Hon. Robert Thibault: But you could have done a bank-to-bank transfer or transferred it to the account of Mr. Mulroney, if you wanted a record of the transaction.

Mr. Karlheinz Schreiber: Yes, Mr. Thibault, but by this time it was not even clear what was going to happen. Mr. Mulroney said he would join a law firm, or he would go to a business, or whatever. I expected, more or less, that after he received the money he would send me a receipt and say, “I received this, and I want you to know I put it in a trust account with such-and-such a company, and I will bill for my services whenever that service is rendered.”

Hon. Robert Thibault: On the two subsequent payments of \$100,000, I understand by that time Mr. Mulroney would have been well-established in business, but they were, again, cash payments, the exact same amount, in hotels.

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: What was the reason?

Mr. Karlheinz Schreiber: Just because of the way I took some money out from over there.

Hon. Robert Thibault: And it left no record of transaction.

Mr. Karlheinz Schreiber: No.

Hon. Robert Thibault: Is it fair to say, I think from what you've said, that the \$500,000 was ultimately from success fees from Thyssen, which was in the amount of \$4 million?

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: And if you hadn't reached an agreement with the Mulroney government, you would never have received that \$4 million?

Mr. Karlheinz Schreiber: No. But in fairness, this is to say that it can be proven easily by Revenue Canada that for all the work GCI did during eight years for Thyssen as a lobbyist, they never sent a bill to Germany, with the exception of one for some disbursements.

In other words, it was all based on success. This agreement that was finally reached and signed with the Government of Nova Scotia, and as well in Ottawa here with the department of defence, and others, like ACOA—all this was part of, what can I say, an inquiry from the German department of revenue when they audited the books from Thyssen. In the files somewhere are the documents from the meeting where it very clearly says Mr. Schreiber had an agreement with Thyssen to establish this company in Canada with the help of others. It is this understanding that one of the shareholders involved in this whole thing through IAL is Mr. Frank Moores, who was going to disburse the money in Canada. Its publicly known by the German authorities. There was nothing to hide on my side.

Hon. Robert Thibault: But the question here is that you transferred from IAL some money to Frankfurt. Frankfurt was the account from which Moores and his associates would have ultimately been paid.

Mr. Karlheinz Schreiber: To be correct, Mr. Thibault, I think I never transferred any money from IAL to that account. This is another lie in the whole thing—that IAL belongs to Schreiber, which is not true. The money was transferred by Mr. Pelossi to my account, which I controlled because nobody should know who finally gets the money.

• (1125)

Hon. Robert Thibault: But ultimately the money was transferred to the Frankfurt account.

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: And from the Frankfurt account, \$500,000 was transferred to the Britan account.

Mr. Karlheinz Schreiber: Absolutely.

Hon. Robert Thibault: And that was the money you had available for Brian Mulroney.

Mr. Karlheinz Schreiber: Yes, it was the rest, which had been left for the project from that.

Hon. Robert Thibault: That's not money that was part of the payment to Frank Moores and his associates.

Mr. Karlheinz Schreiber: Normally, if the project would not have been cancelled or crashed, I would have paid that money to GCI.

Hon. Robert Thibault: They would have received that as part of...but they didn't. The money went to Mr. Mulroney.

Mr. Karlheinz Schreiber: I kept it because there was nothing delivered from GCI. This is why Frank Moores and the other people were mad at Mulroney.

Hon. Robert Thibault: Just to be certain, again to reiterate for the record, the existence of the \$4 million was due to an understanding, a memorandum of agreement, signed with the Province of Nova Scotia and with the Government of Canada.

Mr. Karlheinz Schreiber: Yes.

Hon. Robert Thibault: In the last minute, why did you want this public inquiry? And who do you think would be concerned if a public inquiry was called?

Mr. Karlheinz Schreiber: I thought that everything was simple and proper in the whole case. Later I became suspicious. When I

started my lawsuits in order to find out the truth, I got blocked throughout the time, until today.

I thought there would be two ways. One is a court room; the other one is a public inquiry. The public inquiry is even better when people have to testify under oath and know other people are around who can identify when you commit perjury. Because this case is not a case with documents and agreements in piles. Here you have to believe quite a few witnesses. That's the main thing in this business, in that world.

The Chair: That's your time. Thank you.

Madame Lavallée, s'il vous plaît.

[Translation]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): I think that we are going to be able to make connections, Mr. Schrieber.

You have just said that all the witnesses in this entire affair must be believed. Personally, I have a hard time believing you. On Tuesday, you told me that the \$300,000 paid to former prime minister Brian Mulroney had nothing to do with the Airbus affair. Yet, in the pile of documents that you left us with on Tuesday, there was a letter that you yourself sent to Mr. Mulroney on May 8, 2007 in which you threaten Mr. Mulroney with revealing, amongst other things, that GCI, the Canadian firm that had lobbied for Airbus, had made payments to Mr. Mulroney.

First of all, this is in direct contradiction to what you told me on Tuesday. Second, I cannot believe that you were threatening Mr. Mulroney with saying publicly that you had paid him \$300,000 since at least one television program had already done so. It was clear that you had paid him \$300,000.

The following words appear at the end of the sentence: "I am prepared to disclose that you received payments from GCI, Frank Moores, Fred Doucet, Gary Ouellet and that I was asked by Fred Doucet to transfer funds to your lawyer in Geneva (Airbus)[...]"

Could you tell us why you wrote "(Airbus)"?

[English]

Mr. Karlheinz Schreiber: Well, Ma'am, you received all those documents, I take it, from me.

The point is that I was shocked one day. As I said, I thought what I was saying was so easy and so simple and so clear, and if you later on learn how the whole Airbus project was done, you will understand why I was somewhat confused.

The situation was as follows. Frank Moores—and I think I mentioned this the other day—and the other shareholders, who were entitled to all the money GCI received, regardless of where, had trouble with each other. The only people who knew what happened in Switzerland were Frank Moores and Gary Ouellet.

And here comes Fred Doucet. He asked me whether the figures he obtained from Mr. Moores were correct, whether I could confirm that this was the money that came to the account.

Well, you understand, I was not entitled to tell Gary or Fred Doucet what was going on in GCI. I said, "Don't you think it's proper that you speak to the shareholders or to Mr. Moores? I cannot give you these answers without his okay." Then he said—and now comes the point when I nearly froze—"I want you to make sure that GCI, through you, transfers certain amounts of money to an account in Geneva, to a lawyer in Geneva, which is Mr. Mulroney's lawyer."

And I—

Mrs. Carole Lavallée: *C'est vous qui l'avez dit.*

Mr. Karlheinz Schreiber: Let me continue. Otherwise, you will not—

• (1130)

[Translation]

Mrs. Carole Lavallée: I am not sure that I completely understood. You asked for funds to be transferred.

[English]

Mr. Karlheinz Schreiber: Mr. Doucet asked me to make sure that from the GCI money, money goes to the lawyer in Geneva for Mr. Mulroney.

You don't have the feeling from me that I can easily be shocked, but I was. I said, "What are you talking about? Why the hell would one send money to a lawyer in Geneva for Mr. Mulroney? What for?" And now came this unbelievable answer. He said, "For Airbus." I hear myself even today asking, "What the hell has Mulroney to do with Airbus?" His answer was, "Are you naive?"

So I said, okay, I'll leave it this way, and I went to Frank Moores and said, "Frank, I want to know from you.... You know this is a deal between the European partners from Airbus and governments. What the hell is he talking about?" Frank Moores said to me, "Leave it with us. Don't talk about it. You have nothing to do with all this."

You can imagine that I was pretty troubled, because I had several questions about that. Number one, is it true? I told you before I'm not saying this to impress you, but my life is at least to try to be objective, and I think I was a very good judge. I'm not just kicking people; I want to know what it is. So I asked myself, could it be, number one, that Mr. Mulroney has a lawyer there and a bank account in Switzerland? Number two, is it okay that Mr. Doucet would tell me to send money for him there, or...? And Ma'am, unfortunately this happens quite often, and I think this is a principle—I have seen this quite often around top leaders in politics, prime ministers or presidents—that people come and say something that is not true. My thought was, could it be that Fred Doucet wanted to make some money for himself?

The Chair: Order.

Madame Lavallée, I'm going to add some time back to your clock.

Mr. Schreiber, maybe the question had too many elements to it at once. Maybe we could break it down into its pieces so that we can get the answers to the member's questions.

We would like to get all of the facts, and I think we will have to be a little crisper, if you understand what I'm saying. I'm going to ask Madame Lavallée to get the elements that are required one at a time and allow the witness to answer, so that we have a clear response.

Mr. Karlheinz Schreiber: Good.

[Translation]

Mrs. Carole Lavallée: I want to make sure that I am understanding completely. The interpreters here are excellent, but sometimes your enthusiasm leads you to speak quickly, and some parts get missed. Did you say that Fred Doucet asked you to transfer funds to Mr. Mulroney's lawyer in order to, if you will permit the expression, share in the Airbus spoils?

[English]

Mr. Karlheinz Schreiber: This is not right, Ma'am. He asked me to make sure that money from GCI would be transferred to the lawyer of Mr. Mulroney in Geneva.

[Translation]

Mrs. Carole Lavallée: And where did the GCI money come from?

[English]

Mr. Karlheinz Schreiber: Yes, from all the business. Fred asked me about the amounts there, because he didn't believe the figures he got from Mr. Mulroney on it.

[Translation]

Mrs. Carole Lavallée: So why did you write "(Airbus)"?

[English]

Mr. Karlheinz Schreiber: Because Fred Doucet, when I asked why would Mulroney get any money, for what, said, "Airbus". This is why I told you I was so shocked. I couldn't get it into my head what Mulroney had to do with Airbus—at that time.

• (1135)

[Translation]

Mrs. Carole Lavallée: So Fred Doucet asked you to share the Airbus spoils with Mr. Mulroney?

[English]

Mr. Karlheinz Schreiber: Yes, send money; make sure that Mr. Mulroney gets money from GCI that was in the account in Switzerland.

[Translation]

Mrs. Carole Lavallée: It was to thank him for what he done during the Airbus affair?

[English]

Mr. Karlheinz Schreiber: But this is.... When I asked him what for, why should I tell Frank Moores that he should give me more or less an order to send money from GCI to this account from a lawyer, he said, "For Airbus". I nearly fell unconscious.

An hon. member: Oh, oh!

Mr. Karlheinz Schreiber: You may laugh, but I knew how the whole deal was done. I could not see why I or GCI would pay Mr. Mulroney, and this was, of course, not my business.

Are you with me?

[Translation]

Mrs. Carole Lavallée: But, in the same letter, you said to Mr. Mulroney that he had already received money from GCI, from Frank Moores and from Gary Ouellet. It is there in writing: "I am prepared to disclose that you received payments from GCI [...]"

So this money was certainly not the \$300,000 that we have been talking about for several weeks. What money was it? How much? When? How?

[English]

Mr. Karlheinz Schreiber: Ma'am, I told you this was an agreement from the beginning, from the early eighties; if Mr. Mulroney becomes the Prime Minister, everybody gets something. I could give you a whole list—Alta Nova, Frank Moores, and later GCI would be the lobbying company. When Mr. Mulroney is no longer the Prime Minister, he would join the company. He has to work for the company because he should have a living. This was the explanation I got. When Mr. Moores and Mr. Ouellet told me I should stay away from this, that this is their business...I want to know how much did GCI pay to Mr. Mulroney. But this has nothing to do specifically with this money in Switzerland. It was money based for the business that GCI had in total.

[Translation]

Mrs. Carole Lavallée: Did I hear...

The Chair: You can ask a final question.

Mrs. Carole Lavallée: Did I hear you right when you said that you wanted to know how much GCI money had been paid to Mr. Mulroney? Did I understand correctly? That means that he got more.

[English]

Mr. Karlheinz Schreiber: Again, Ma'am, I'm sorry.

[Translation]

Mrs. Carole Lavallée: Did I hear you right when you said that you wanted to know how much money GCI had paid Mr. Mulroney around that time?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mrs. Carole Lavallée: Did you get an answer?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mrs. Carole Lavallée: How much?

[English]

Mr. Karlheinz Schreiber: No, I didn't get an answer. They told me that I should stay away from that. This is why I have called for an inquiry.

The Chair: Merci, Madame.

Pat Martin, please.

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

Mr. Schreiber, just to build off Madame Lavallée's line of questioning, you mentioned that you were surprised when Fred

Doucet mentioned Airbus and Mulroney. You said, what could Mr. Mulroney have to do with Airbus?

Is it not true, or were you aware, that he replaced 13 of the 15 members of the board of directors of Air Canada with his own Conservative appointments, one of whom was Frank Moores? At the same time that Frank Moores was the senior lobbyist for Airbus, he was plunked onto the board of directors of Air Canada. Were you aware of that arrangement going on?

Mr. Karlheinz Schreiber: Yes.

Mr. Pat Martin: I'll just leave it at that for now, then.

Mr. Schreiber, in another document—and thank you for the pile of documents. We didn't quite get what we wanted for Christmas, but we got something.

Mr. Karlheinz Schreiber: It's only a road map.

Mr. Pat Martin: It's only a road map. Well, we're struggling to find our way down the road map.

In your letter of October 25 that you sent to Vic Toews, Minister of Justice—this is the document you sent—you're more or less introducing yourself to him and asking for his consideration; in 2006, this is.

The Chair: Mr. Martin, so that other members could access that, could you give a date or a proper reference?

• (1140)

Mr. Pat Martin: I'm sorry.

Dated October 25, 2006, it's a letter to the Honourable Vic Toews, who was Minister of Justice at the time, and copied to Stephen Harper.

Is this costing me time? I hope not.

The Chair: No. I think it's in our interest to make sure that all members know what document you're dealing with, and the translators as well. I think they don't have a copy. If you're going to read from it, please keep it at normal speed.

Mr. Pat Martin: Certainly. I'll be very brief.

You're just introducing yourself, I suppose, as an upstanding international conservative, etc.

You say, "I don't want to drop names...but it might be that we share some friends." And then you list some people he may want to speak to. In other words, as a reference, it's quite a long list. One of them is Lee Richardson, who is currently a member. Another is Peter MacKay, the current Minister of Defence.

What about your relationship with Peter MacKay would lead you to believe that he would sign a letter of reference for you or act to stand up for you?

Mr. Karlheinz Schreiber: The whole letter...when I wrote to Mr. Toews—I may remind you that he was the first Conservative Minister of Justice when the government took over—my expectation was, and I have said this several times, that now the Conservatives are going to do what they wanted for 12 years: have an inquiry. I waited for this. I mean, I begged for this.

Mr. Pat Martin: Did you not also hope, though, that when Brian Mulroney went to speak to Mr. Harper, you might get some satisfaction on your extradition?

Mr. Karlheinz Schreiber: The inquiry, sir—and you will see this pretty soon—will bring all this to light. I would not have a problem with extradition if the Canadian Minister of Justice was not involved, together with the Germans, against me.

Mr. Pat Martin: That was Vic Toews at the time.

Mr. Karlheinz Schreiber: Yes, but I—

Mr. Pat Martin: I'm going to run out of time shortly. Is it possible that Vic Toews wanted you out of the country because there was some connection with what happened in Manitoba, with the overthrow of the NDP government in Manitoba?

Do you know a man named Derek Hannaford, who headed up the privatization commission for the Conservative Party?

Mr. Karlheinz Schreiber: No.

Mr. Pat Martin: Have you heard of Prenor Trust Company of Canada?

Mr. Karlheinz Schreiber: No, not to my recollection.

Mr. Pat Martin: Are you aware that Peter MacKay has taken steps to distance himself from you, to even say that he's always advised his father to never have anything to do with you? Why do you think he would stand up for you and be a reference for you in this letter of introduction to Vic Toews?

Mr. Karlheinz Schreiber: Mr. Pat Martin, one of your colleagues told me that when Elmer MacKay was in the House, he was terrible in opposition. He always showed up like an Italian priest, and everybody knew this was an honest man—Marc Lalonde. Now, they were not friends.

I want to tell you, Elmer MacKay, in my opinion—and I would be prepared, if you want, here or outside, whenever you want, to tell you a couple of stories about the human being Elmer MacKay. But allow me not to comment on his son. He is not of the same timbre, and I don't want to talk about it if I can.

Mr. Pat Martin: He went to lengths to distance himself from you. I'm just wondering—

Mr. Karlheinz Schreiber: Okay, and he knows he speaks about the Thyssen job in Germany and that he was there as a student. On his own website he says he was there for a year with Thyssen. He was there to get prepared for a future job with Bear Head Industries as one of the executives. I don't know why he's doing this.

But, look, if you understand, I don't want to...

Mr. Pat Martin: We can move on from that.

The Chair: Just to let you know, you have five and a half minutes left.

Mr. Pat Martin: I'm going to share my time with my colleague Joe Comartin, as is our common practice.

The Honourable Charlie Mayer shows up on here, another Manitoba cabinet minister. Did they ever come to you for help with a problem in Manitoba? Did you ever help them fix a political problem in Manitoba above and beyond a business deal?

Mr. Karlheinz Schreiber: No. I got to know Charlie much later, maybe two or three years ago. To my recollection, I had no contact with him when he was in government.

Mr. Pat Martin: Thank you.

I'd like to let Mr. Comartin take the remaining time.

• (1145)

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Thank you, Mr. Chair.

[Translation]

Mr. Schreiber, when did the conversation take place with Mr. Doucet when he mentioned Mr. Mulroney and the money that came from Airbus. Was it a telephone conversation?

[English]

Mr. Karlheinz Schreiber: No, no. I was in the office with him at GCI. Fred Doucet was working for me as well. It must have been either late 1992 or early 1993.

[Translation]

Mr. Joe Comartin: Was Mr. Mulroney the Prime Minister of Canada at the time?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mr. Joe Comartin: Were other people present during that conversation?

[English]

Mr. Karlheinz Schreiber: No.

[Translation]

Mr. Joe Comartin: When did Mr. Moores say that it was none of your business?

[English]

Mr. Karlheinz Schreiber: Either the same day or a day later.

[Translation]

Mr. Joe Comartin: Did you write a memorandum or a document about that conversation?

[English]

Mr. Karlheinz Schreiber: No, sir. Who would do things like that?

Mr. Joe Comartin: Well, Mr. Schreiber, the media has been quite strong on how well you keep records, so let me ask you about that. Have you kept a diary at all through the period of time you've been in Canada?

Mr. Karlheinz Schreiber: When I was in Canada?

Mr. Joe Comartin: Yes.

Mr. Karlheinz Schreiber: What time?

Mr. Joe Comartin: When did you come to Canada?

Mr. Karlheinz Schreiber: In the seventies.

Mr. Joe Comartin: Since that time, have you kept a diary of your activities in Canada?

Mr. Karlheinz Schreiber: There were diaries with me and my secretary, but unfortunately, with all the actions against me in Germany, all this stuff was taken and disappeared. In the meantime, you can buy diaries of me on the market, from the journalists. It's funny.

Mr. Joe Comartin: When you say the diaries disappeared, have they been seized by German authorities?

Mr. Karlheinz Schreiber: I can't say that because I was not around. I was away when they seized my home. I left, and you know I lived in Switzerland at the time, so I don't know where they are. I'm amazed that only two of them, the critical ones from 1991 and, I'm not sure, I think 1994, showed up in court there.

Mr. Joe Comartin: Going back to the conversation with Mr. Doucet and Mr. Moores, do you have a log of your appointments, an appointment book?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: Did you keep an appointment book at that period of time, a day-timer or...?

Mr. Karlheinz Schreiber: Yes, it could be, but this is the same thing. I always carried this around with me. This is the same thing.

Mr. Joe Comartin: Did you have one for each year?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: Did those also disappear when you were—

Mr. Karlheinz Schreiber: I'm speaking all the time about this, about nothing else, sir.

Mr. Joe Comartin: That's not an answer. Did it disappear?

Mr. Karlheinz Schreiber: Yes. That's the point.

Mr. Joe Comartin: I want to go back for just a quick thing following up

[*Translation*]

a question from Mrs. Lavallée or rather from Mr. Thibault.

[*English*]

You had expected to get some kind of a receipt from Mr. Mulroney or a bill from him, I'm assuming, when you gave him the first \$100,000?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: Did you ever receive a bill or a receipt from him acknowledging receipt of that first \$100,000?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: Did you ever ask him for one?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: To this day you've never asked him for one?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: In the subsequent payments of the balance of the \$300,000, the other \$200,000, did you ever receive any acknowledgement in writing from Mr. Mulroney that he had received those funds from you?

Mr. Karlheinz Schreiber: The balance?

Mr. Joe Comartin: The balance of—

Mr. Karlheinz Schreiber: No, I took it back because he did nothing.

Mr. Joe Comartin: Well, you haven't taken it back...or have you? You've got a lawsuit going on where you're suing him for it.

Mr. Karlheinz Schreiber: Yes, but the \$200,000.... We speak about \$500,000. The \$200,000 I took back.

Mr. Joe Comartin: No, you didn't understand the question, Mr. Schreiber.

You gave him in this initial time the \$100,000 and you didn't get a receipt for it. You subsequently—I think on two occasions—gave him an additional \$200,000. Did you get a receipt or any documentation acknowledging the receipt of that \$200,000?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: And that's true right to this day?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: And you never asked that of him until you sued him?

Mr. Karlheinz Schreiber: Yes.

The Chair: Mr. Comartin, thank you kindly.

We're going to move now to Mr. Russ Hiebert.

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

Mr. Schreiber, in your May 8 letter to Mr. Mulroney, you allege a conspiracy or a cover-up, and I quote those words “a conspiracy and cover-up action” by Prime Minister Stephen Harper. Can you tell the committee the name of the justice minister who signed your surrender order for extradition to Germany on October 31, 2004?

Mr. Karlheinz Schreiber: To my recollection, this was Mr. Cotler.

Mr. Russ Hiebert: Okay. Could you tell me which political party Mr. Cotler is a member of?

• (1150)

Mr. Karlheinz Schreiber: The Liberal Party.

Mr. Russ Hiebert: Okay. So is it your testimony that the Liberal Party is also part of this “conspiracy and cover-up”?

Mr. Karlheinz Schreiber: Yes. They initiated the whole thing against me in Germany in 1995.

Mr. Russ Hiebert: We understand from the surrender order that would have you extradited to Germany that you're facing charges there. Can you tell us briefly what charges you're facing in Germany?

Mr. Karlheinz Schreiber: It's known what is on the record of the case. It's tax evasion, fraud, bribery, all this stuff. But if you had read the letter from the Swiss, which is in the Department of Justice document, you would see what nonsense this is.

Mr. Russ Hiebert: Okay. You've mentioned that Irwin Cotler was the justice minister at the time who signed your extradition and he's a Liberal Party member. Is it your belief that the Liberal Party is also part of this cover-up?

Mr. Karlheinz Schreiber: At the beginning, yes. If it's a question of the Liberal Party.... I accuse mainly the IAG from the justice department.

Mr. Russ Hiebert: Okay. Is it also your belief that the government of Germany is part of this conspiracy and cover-up?

Mr. Karlheinz Schreiber: No. The prosecutors in Augsburg are together with the people from the justice department. The German government has nothing to do with those cases at all.

Mr. Russ Hiebert: Mr. Chair, it appears that the May 2007 letter is just another item in Mr. Schreiber's desperate campaign to avoid extradition to Germany.

I draw the committee's attention to a letter that Mr. Schreiber wrote on July 20, 2006, where he makes some statements. It's in the Mulroney binder, a letter from Mr. Schreiber to Mr. Mulroney, dated July 20, 2006. The letter makes some statements that completely contradict his letter of May 8, 2007.

I'll quote. It says, "You and I are the innocent victims of this vendetta and you are still the prime target"—referring to Mr. Mulroney.

It goes on to state, "May I state for the record, that my testimony under oath in prior legal proceedings is the only correct description of our business arrangement. You"—referring to Mr. Mulroney—"after returning to private life, at my request, agreed to advise and consult me in certain business affairs."

Then a little bit later, it says, "There is no "Airbus Affair" involving Brian Mulroney and furthermore there is nothing to hide."

So, Mr. Chair, my question to Mr. Schreiber and to this committee is about the apparent contradictions between his letter of July 20, 2006, and his letter of May 8, 2007—and in fact also with some pre-existing testimony given before this committee and previous hearings. I draw that to your attention.

I will share the balance of my time with Mr. Van Kesteren.

Mr. Karlheinz Schreiber: May I answer those allegations, sir?

The Chair: Do you have a response to what has been said?

Mr. Karlheinz Schreiber: Yes.

The Chair: Please proceed, Mr. Schreiber.

Mr. Karlheinz Schreiber: Number one, I told the committee—and you saw it in the House—that the letter you are referring to I wrote only at the request, as I was told, of Mr. Mulroney for his meeting with Mr. Harper. That's number one.

Number two, yes, I had all of these allegations at the time when the Liberals were still in power. My point is, sir—and I apologize, I have the impression that you miss it all the time—that my expectations were not of the Liberals at that time, because I was told they were the evil responsible for the whole mess, including Bear Head. My expectations started when the Conservative government came back to power—my party. Are you with me?

I expected what we asked 12 years for: now they are going to hound the Liberals down the street for the next five years and bring to light this horrible vendetta against Mr. Mulroney and me. What

did I find? They were the ones running away, scared like hell. All the lies that he wanted to support it, all of this came up later, after 2006.

Do you understand what I'm talking about?

Thank you.

The Chair: Mr. Van Kesteren, you have five minutes remaining.

Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC): Thank you, Mr. Chair.

Herr Schreiber, I would like to remind you that the party you referred to was the Progressive Conservatives; this is the Conservative Party.

Voices: Oh, oh!

Mr. Dave Van Kesteren: I'd like to get some timeline on the transaction. I want to understand this.

You gave Mr. Mulroney the cash in installments. When did you first expect to receive services? I'm interested in the dates you actually expected to start receiving specific services from Mr. Mulroney.

• (1155)

Mr. Karlheinz Schreiber: After the election, especially when Kim Campbell would form the next majority Conservative government in Canada.

Mr. Dave Van Kesteren: You cut off the installments at one point, according to last week's testimony, because you didn't receive services for the payments you had already provided.

Is it your testimony, sir, that Mr. Mulroney provided no services to you whatsoever?

Mr. Karlheinz Schreiber: Not to my knowledge. If he has done secret service I don't know about.... I don't know.

Mr. Dave Van Kesteren: You must have trusted Mr. Mulroney quite a bit to have given him the second \$100,000 and the third \$100,000 before he provided you even one hour's worth of service. Why did you give him three-fifths of what you had planned to pay in total before seeing even an hour's worth of work, let alone any results? I don't understand that.

I know that you gave us some testimony on this, but I just need you to elaborate on that.

Mr. Karlheinz Schreiber: Look, I think I was pretty right in my expectations when you see what Mr. Mulroney is doing today and what he's living from and what his role is in international business as a lobbyist. I still thought there might be something coming up that we could do together. It's mere business. I was very much interested.

I think he has done quite successful jobs for the companies he's been working for in the meantime—unfortunately, not for me.

Mr. Dave Van Kesteren: Mr. Schreiber, you paid Mr. Mulroney cash. Canadians want to know why you did this. You told us last Thursday it was because cash was available. On Tuesday you indicated the money was your money.

Mr. Karlheinz Schreiber: Yes.

Mr. Dave Van Kesteren: Can you take a few minutes to tell us about the source of this cash?

Mr. Karlheinz Schreiber: The cash, as I said earlier, was from the accounts where money went to GCI. Since the project collapsed, from the \$4 million, from Thyssen, for my share I kept \$500,000 as a reserve in case I could do something with the project in the future. This was the main reason Mr. Mulroney.... As I said earlier, I don't know why people have problems, that one can have more than one reason to give something. One was the plan and the second was the reunification, so it was an expectation for other business. It's as simple as that.

Mr. Dave Van Kesteren: But we're dealing with huge amounts of cash. Was dealing in large quantities of cash a regular business practice for you?

Mr. Karlheinz Schreiber: Yes.

Mr. Dave Van Kesteren: Mr. Schreiber, were you attempting to avoid a paper trail by using cash?

Mr. Karlheinz Schreiber: At least, I am not interested when I do something from my side, where I was not clear where it should go... as I said earlier to your colleagues here. I expected that Mr. Mulroney would tell me what company or what law firm, or whatever, and that was not clear on the 23rd of June.

Mr. Dave Van Kesteren: But were you attempting to avoid a paper trail, or were you hoping to have Mr. Mulroney avoid some sort of scrutiny?

Mr. Karlheinz Schreiber: To be quite frank, I wouldn't care. People who know me in the meantime around the world, they know I don't care about these things.

Mr. Dave Van Kesteren: Tell us a little bit about the bank account with the code name Britan.

Mr. Karlheinz Schreiber: Yes.

Mr. Dave Van Kesteren: What does Britan stand for?

Mr. Karlheinz Schreiber: Britan stands for Brian Mulroney and the Cape Breton Bear Head project.

Mr. Dave Van Kesteren: When did you first open this bank account?

Mr. Karlheinz Schreiber: I think it must have been a couple of weeks after my meeting with Mr. Mulroney at Harrington Lake, when I had identified with the banker in Zurich what money was available in Frankfurt, and I said "Okay, open a Britan account and transfer it there." I wasn't even there.

Mr. Dave Van Kesteren: Is this bank account still open?

Mr. Karlheinz Schreiber: No, nothing is open. Everything disappeared.

Mr. Dave Van Kesteren: Why did you close it, and where did the \$200,000 go?

Mr. Karlheinz Schreiber: Please?

Mr. Dave Van Kesteren: Why did you close the bank account, and where did the \$200,000—plus the interest, I suppose—go?

Mr. Karlheinz Schreiber: The \$200,000 I took back and sent it to another account of mine, because it was my money.

Mr. Dave Van Kesteren: Well, I'd suggest that Canadians would wonder about the cash and would think that the cash was used to avoid scrutiny, to avoid a paper trail.

Were you or Mr. Mulroney trying to avoid scrutiny by dealing in cash?

The Chair: That's the last question you can answer, Mr. Schreiber.

Mr. Karlheinz Schreiber: No, not from my side.

You should understand something, sir. When I was arrested, everybody reported about my little bag and how much money I had. I always travelled with a substantial amount of cash. The reason is this. In Europe, and in my life, it was very common, if you go to a store and you buy something, you don't want everybody to know what you are doing. Secondly, if you go to countries where you have no credit cards or where you have not enough money all the time.... So I take it in cash.

On top of that, if you don't pay with a credit card, you get a much better price. I'm a businessman. If you bargain with cash, you get much better conditions.

It was the same with Mr. Charest's donation. I had it in my bag. I took it out and gave it to him.

• (1200)

The Chair: Thank you kindly.

We'll now move to Mr. Sukh Dhaliwal.

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

Mr. Schreiber, today you said that when Mr. Peter MacKay worked at Thyssen he was being prepared for a future job at Bear Head. Did you help Mr. Peter MacKay get this job, through Mr. Elmer MacKay?

Mr. Karlheinz Schreiber: No. Mr. Elmer MacKay had nothing to do with it. It had to do with a Thyssen executive. His son was there, and we thought about it. It was time, because we were on our way to establishing these plans out there, and we had reason to believe that the Canadian government sent Sinclair Stevens out with the ambassadors to meet all the politicians in Germany, and this was all nonsense.

I mean, it was very clear: heavy water plant down, gulf refinery down. Jobs were needed. So then we would need somebody we would start with. We'll get Edmond Chiasson, a lawyer, from the office of Gerald Doucet, who did all the corporate business for Thyssen Bear Head Industries—he incorporated the company, I would think. And we thought, okay, we need somebody there from Nova Scotia, and in the future we should recruit people.

Peter MacKay, in my expectation, a young guy, a lawyer from Nova Scotia, whose father is my friend—and everybody likes Elmer MacKay down there, and you may know that; he's a great guy.

So let him go there and let the Thyssen people see whether he has the capability and whether he understands what's going on.

Mr. Sukh Dhaliwal: Could you also tell us what was Peter MacKay's role to be in the Bear Head project?

Mr. Karlheinz Schreiber: In the Bear Head project, at the time when I was working here, nothing. He was in Germany. He had nothing to do with it. It was his father. His father was the minister of ACOA.

Mr. Sukh Dhaliwal: Mr. Schreiber, I'm going to go back to the letter you wrote on May 8, 2007. Do you have a copy?

Mr. Karlheinz Schreiber: Yes, I have it here.

Mr. Sukh Dhaliwal: Okay. Thank you.

In reference to this letter, you wrote to Mr. Mulroney on May 8, 2007, which was included in our package, and you tabled it on Tuesday. I have a copy, and you are reading from the same copy now. In this letter you state that you are prepared to disclose that Prime Minister Mulroney asked you, through his lawyer, to commit perjury to protect him. Did this happen in 1999, yes or no?

Mr. Karlheinz Schreiber: Yes.

Mr. Sukh Dhaliwal: Thank you.

I'm going to also give you another letter that is dated January 26, 2000. I don't know if you have it—January 26, 2000.

Mr. Karlheinz Schreiber: No, I don't have it here.

Mr. Sukh Dhaliwal: I'm going to give you a copy, Mr. Schreiber.

Do you have that, Mr. Schreiber?

Mr. Karlheinz Schreiber: Yes.

Mr. Sukh Dhaliwal: This letter was prepared by your lawyers. Does this letter document what you describe as an attempt to have you perjure yourself?

Mr. Karlheinz Schreiber: Yes.

Mr. Sukh Dhaliwal: In the January 26, 2000, letter, your lawyer indicates that he received two calls directly from Mr. Mulroney, both on October 17, seeking a letter from you to absolve Mr. Mulroney from ever receiving that \$300,000. At any time, did Mr. Mulroney call you directly or communicate this request to you in any way?

Mr. Karlheinz Schreiber: Number one, sir, I think it is not correct to say that there's anything spelled out on the \$300,000. I think it speaks in general about.... To be quite frank with you, this is how the trouble started, when I refused to sign such an affidavit that Mr. Mulroney never received any payment or whatever from me. From that time on, I got pretty lousy treatment—for example, through Luc Lavoie: Schreiber is the greatest fucking liar on earth.

• (1205)

Mr. Sukh Dhaliwal: My question back to you is this. Did Mr. Mulroney call your lawyer, or did you receive any calls from Mr. Mulroney directly, on any conversation?

Mr. Karlheinz Schreiber: No. No.

The Chair: May I ask that we try to use parliamentary language, if that would be all right, please.

Carry on, Mr. Dhaliwal.

Mr. Sukh Dhaliwal: Thank you.

Also in your letter of May 2007, your letter to Mr. Mulroney, you said you will disclose the reason for Mr. Mulroney's trip to Zurich in 1998. At this meeting, Mr. Mulroney was attempting to determine if anyone else would know about the \$300,000 cash payment. Is that correct?

Mr. Karlheinz Schreiber: No. He was concerned about whether there was evidence of any payment he ever received. It's similar to the letter.

Mr. Sukh Dhaliwal: So basically he just wanted to make sure there was no proof of any money that Mr. Mulroney received.

Mr. Karlheinz Schreiber: Yes.

Mr. Sukh Dhaliwal: On another point, you state that you are prepared—Madame Lavallée asked the question and I'm going to elaborate it—to disclose in the letter that Mr. Mulroney received payments from GCI, Frank Moores, Fred Doucet, or Gary Ouellet.

Did GCI or Frank Moores or Fred Doucet or Gary Ouellet receive any commissions or payments from Airbus?

Mr. Karlheinz Schreiber: Yes. They had been shareholders from GCI and were entitled to those funds.

Mr. Sukh Dhaliwal: So your answer to this question is yes, they received it.

Mr. Karlheinz Schreiber: Yes, but I cannot say whether they transferred money from there.

Mr. Sukh Dhaliwal: Mr. Schreiber, were any of these payments you claim Mr. Mulroney received from these parties related to Airbus, yes or no?

Mr. Karlheinz Schreiber: I cannot say. I've no idea.

Look, when you receive money from five different clients and you pay a third party, how can you say what money you've paid? It's impossible.

Mr. Sukh Dhaliwal: Can you tell me, then, what did happen, with all the conversations you were having with Madame Lavallée?

Mr. Karlheinz Schreiber: Yes, I tried to make clear that this all started at the beginning, when Mr. Mulroney wanted to become Prime Minister. Everybody got something: one got a job; another one wanted to do business. I've said three or four times now that my understanding was that Mr. Mulroney, when he was no longer Prime Minister, might work together with GCI.

I witnessed that Mr. Mulroney supported the business of GCI in many ways. Whenever the Thyssen executives showed up—and this is why I'm so bitter on the whole thing—they were received by Mr. Mulroney. Mr. Moores went there with me and him and of course the executives from Thyssen. They got the confirmation from Mr. Mulroney that everything is fine and that he is grateful that Thyssen follows the invitations with Sinclair Stevens and is doing what the Canadian government wanted to do. It was very clear.

It is the same thing when you look at the Airbus thing. When Mr. Mulroney appointed Mr. Moores to Air Canada, it was a clear signal that he had the backing from the Canadian government. So what?

The Chair: You have about a minute and a half.

Mr. Sukh Dhaliwal: Thanks, Mr. Chair.

This will be my last question to you. You also claim in the same letter that Mr. Mulroney supported fraud related to the Thyssen project and Moores. Was Mr. Mulroney ever aware of the commission IAL was to be paid upon an understanding in principle being reached to establish the Bear Head project, when there were three ministers present at that understanding in principle?

Mr. Karlheinz Schreiber: This was my understanding from the discussions with Mr. Moores and Mr. Ouellet, because—

•(1210)

Mr. Sukh Dhaliwal: So your answer is yes, is it?

Mr. Karlheinz Schreiber: —they all recommended that I would sue the government—which I also did, and I have still the statement of claim done by Ian Scott—because since Mr. Mulroney confirmed all the time to the Thyssen people that the project would go ahead, now came the two documents which were the basis for the payment. As I told you, this is in the document with the German tax authorities that Thyssen could deduct the money they paid.

Then, of course, without saying one word to anybody, Mr. Mulroney killed the project. At the beginning, I couldn't believe it. I thought it was just saying it as a defence. Later on, I learned it was true.

Now I ask you, when this happens just a while after Thyssen paid...I don't know, if you would have been in my position or in Frank Moores' position, how you would feel. This is why, you may know, there was a huge and bitter fallout between Mr. Moores and Mr. Mulroney. And Gary Ouellet, who was also a lawyer, recommended heavily that I would sue him.

The Chair: Thank you.

We move now to Mr. Mike Wallace.

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

I have a few questions for you. I have some time and I'll be sharing with Dean Del Mastro.

Just so I'm clear, I have two lines of questions. First, I'm clear; I read the documents you provided for me. It's interesting reading. In fact, what is actually important comes up less than an inch thick.

I want to go back. We have a letter from May 8. You make some accusations that you'll disclose some stuff, and then we go back to that July 20, 2006, letter, in which most of the first page and the whole second page....

It says:

The discussion and financial arrangements between you and me about future industrial projects have been correct, private and nobody's business. You were the best advocate I could have retained.

It is far too long since we had lunch together.

It's a very positive letter. Your signature is on the bottom of that, sir. Do you agree with what you wrote in that letter?

Mr. Karlheinz Schreiber: I apologize. Don't you get it? I got a draft from Mr. MacKay that Mr. Mulroney wanted this letter, so I gave it to him.

Mr. Mike Wallace: That's not my question, sir. Are you lying in this letter, or do you agree with what you wrote in this letter?

Mr. Karlheinz Schreiber: I wrote the letter he wanted.

Mr. Mike Wallace: Do you agree with what's in the letter?

Mr. Karlheinz Schreiber: I don't care what's in the letter. Sure, it's not my letter; it is his letter.

Mr. Mike Wallace: Okay. I'll go to my next line of questioning.

Then I looked at what you sent to current Prime Minister Harper. Of the 15 letters you sent him, 11 were cover letters that said, here are attached other letters, which you were sending to other people. They were just cover letters providing information.

Mr. Karlheinz Schreiber: I kept him informed.

Mr. Mike Wallace: One was about Afghanistan and the issue of our brave men and women being killed in LAVs, and three letters were asking him to intervene or were about having ministers you were talking to intervene in your extradition.

My question to you is on the extradition piece. The extradition started when the Liberals were in government. Is that not correct?

Mr. Karlheinz Schreiber: Yes.

Mr. Mike Wallace: Right. So you sent a letter to the Prime Minister on June 16, 2006, with a long list of Liberals you think were involved in making sure you had to leave the country to face the charges you are facing in Germany.

Mr. Karlheinz Schreiber: Yes.

Mr. Mike Wallace: You're asking us—you're asking him, I guess—to get involved.

Why do you think the Conservative Party, once we took office, would interfere in an extradition process that had already been started, that was in front of the courts, and that you were suing for? What gave you that impression? Why would government get involved and try to interfere in that case?

•(1215)

Mr. Karlheinz Schreiber: It's very simple. Look at the speech from Prime Minister Harper, I think it was November 2005 in Quebec, when he said that only the Conservative government could clean up the mess the Liberals had made for 12 years, blah, blah, blah, and wanted a public prosecutor.

Now you tell me I was not right in thinking he would do that and clean up the mess around me?

Mr. Mike Wallace: We agree. We think people who are accused of wrongdoing should face their accusers. So my question to you, sir, is this. Two meetings ago I think you indicated that you were a judge in Germany. Is that correct?

Mr. Karlheinz Schreiber: Yes, I was a judge for nine years.

Mr. Mike Wallace: So you were part of the judicial system in Germany.

Mr. Karlheinz Schreiber: Yes.

Mr. Mike Wallace: Then why have you not gone back to face your accusers if you're innocent?

Mr. Karlheinz Schreiber: I would not get a day in court. I recommend you go to the computer and look at human rights violations in Germany. Then you'll get a better understanding. My case is political in Germany too. It has nothing to do with the charges. The charges don't even exist in reality anymore.

Mr. Mike Wallace: If you have been part of the system, understand the system, and believe in the system and that innocent people will be found not guilty, why would you not, instead of wasting taxpayers' money on appeal after appeal, go back and face your accusers, be relieved of those potential penalties, and come back and retire here in Canada? I still don't understand why, if you're innocent, you are fighting it.

Mr. Karlheinz Schreiber: Well, wait and see. We have a good chance in Canada to do the same thing the Germans do with their nationals: get my case into a Canadian court, try me here, prosecute me here. I would love to do this tomorrow, and every Canadian would know how the Canadians have been set up and how they had a conspiracy with the Germans. I would love it. Perhaps you could help me on that.

Mr. Mike Wallace: This is a conspiracy against you, then. Is that what you're saying?

Mr. Karlheinz Schreiber: Yes, sure.

Mr. Mike Wallace: And that is from the justice department, the RCMP, the German justice system; it's all a conspiracy—

Mr. Karlheinz Schreiber: And the German prosecutors in Augsburg, yes, they initiated the whole thing. If you had read the record of the case, which I wrote, you would know all this.

Mr. Mike Wallace: Is the public inquiry you are asking for about Airbus, or is it about how you've been treated in your extradition process?

Mr. Karlheinz Schreiber: I'm interested in an inquiry to clean up the whole mess around me, including the mess with the letter of request to Switzerland and how the Canadian justice department IAG initiated it in Germany in May 1995.

So it's the whole action against me.

Mr. Mike Wallace: So it's about your extradition. That's your message.

Mr. Karlheinz Schreiber: Yes, sure.

Mr. Mike Wallace: Thank you.

I'll share my time with Mr. Del Mastro.

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

Mr. Schreiber, I asked you a number of questions the other day. I just want to start, actually, with a quote, and then I'm going to go into my questions. This is dated November 15, 2007, from the Canadian Press, Edward Greenspan—I think you know him. He said, "Everything we have to do, we have to do." That's an interesting quote.

I asked you the other day, regarding the Airbus purchase, if that was made because it was a good choice for money, if it was a smart purchase, if it was a decision that was made prudently. You responded that it was. The option was, from my understanding, a Boeing 727 jet that was inferior in every way—more fuel, noisier, didn't have the advanced technology in the cockpit. The Airbus was a better plane, and that's why they bought it. That's my understanding. I did some looking into that.

Mr. Martin was asking you to speculate the other day. I didn't like it, and you'll recall that I objected to it, because you can't possibly know. You don't know what I do with my money, and I don't expect to know what other people do with their money either. But he wanted you to answer the question. He asked, "If you can, Mr. Schreiber, would you have any idea who else would have benefited from the distribution of these commissions?"

You said, "Since the money was money from GCI, it's very obvious that the shareholders were entitled, whoever they were, to participate in the money..." and that they have everything. It was very clear.

"Public office-holders?", asked Mr. Martin.

You said, "I'm speaking about the shareholders, what I know about what GCI did with the money."

That's interesting.

Now, you allege that back in the late 1990s you were confronted and asked to get GCI money directed to Mr. Mulroney, correct?

Mr. Karlheinz Schreiber: Yes.

Mr. Dean Del Mastro: Who owned GCI at the time?

Mr. Karlheinz Schreiber: The same shareholders.

Mr. Dean Del Mastro: No. Isn't it true that Pierre Bourque Sr. owned GCI, beginning in 1993? Isn't that true?

Mr. Karlheinz Schreiber: I have no idea. At the time when I—

Mr. Dean Del Mastro: Isn't it true that Mr. Pierre Bourque Sr. is a Liberal? You didn't know that?

Mr. Karlheinz Schreiber: When I spoke with him, for sure Mr. Moores was the main shareholder of the company and he was the one who handled all the cases over in Switzerland.

Mr. Dean Del Mastro: So the fact that Mr. Moores was no longer in that position at the time that you're alleging you were asked to get GCI to transfer money to Mr. Mulroney.... Don't you think that's important, that Mr. Moores was involved?

Mr. Karlheinz Schreiber: May I remind you that I said it was either in 1992 or 1993. I cannot tell you today whether it was 1993 or 1992.

Mr. Dean Del Mastro: Funny, your memory all of a sudden seems to be failing you.

Today I think his memory has been outstanding, Mr. Chair—numbers, dates, places.

But you get cornered on something and suddenly your memory is not good. What year was it? I don't know. Goodness.

Mr. Karlheinz Schreiber: I said quite a while ago that this was the case. Look at the transcript.

Mr. Dean Del Mastro: Okay.

It's just funny that in the names you mention, Pierre Bourque Sr. isn't among them, and he was the gentleman who owned it.

Mr. Karlheinz Schreiber: I don't know about him.

Look, when I remind you of Mr. Mulroneys book, you don't see my name, you don't see Gary Ouellet, you don't see Walter Wolf. So what can we say about that?

• (1220)

Mr. Dean Del Mastro: Okay.

I just wanted to go back to something Mr. Wallace asked you. You've signed your name to all the letters that you sent to Mr. Harper, that you sent to Mr. Mulroneys.

Are you suggesting that sometimes you sign your name to things that aren't true?

Mr. Karlheinz Schreiber: Pardon?

Mr. Dean Del Mastro: Are you suggesting that you will sign your name to things that aren't true?

Mr. Karlheinz Schreiber: No.

Mr. Dean Del Mastro: You won't?

Mr. Karlheinz Schreiber: No.

Mr. Dean Del Mastro: Therefore, the letter that was sent in 2006 is true?

Mr. Karlheinz Schreiber: In 2006...which one are you talking about?

Mr. Dean Del Mastro: The one that was sent to Brian Mulroneys saying basically that you were good friends, you'd got value for money, and that Airbus was a hoax.

You signed your name to that, so it's true.

Mr. Karlheinz Schreiber: How much more often do you want to hear from me that this letter was requested? In my position, when he said he wanted to help me, I would have signed other letters for him too. So what?

Mr. Dean Del Mastro: We were making progress, Mr. Schreiber. You said that you would not sign something that was not true.

[*Translation*]

Mrs. Carole Lavallée: There is a problem with the interpretation.
[*English*]

There's a problem with the translation.

The Chair: Order.

I understand there's a translation problem. Could we test it?

Okay.

There's about a minute left in this round.

Although it makes good conversation when two people are having a nice chat, because of the jumping in of people, the translators have to look to see who's speaking. So we need a question and an answer. Let people finish, okay?

All right, take one more minute.

Mr. Dean Del Mastro: Mr. Schreiber, just to be clear, you said you would not sign your name to something that was not true.

Mr. Karlheinz Schreiber: I said to you a minute ago, in my situation that day, if Mr. Mulroneys would have asked me to sign another letter for him to speak to Mr. Harper to fix the whole

problem around me and get an inquiry, I would have done another letter too.

Mr. Dean Del Mastro: Okay.

Now I have to go back to the "Everything we have to do, we have to do" quote. So what you're saying is that you would sign your name to something that wasn't true, because that fits under the "Everything we have to do, we have to do" statement.

Mr. Karlheinz Schreiber: Yes. If Mr. Mulroneys told me that day I should have said something else, I would have signed it.

Mr. Dean Del Mastro: Thank you.

I have nothing further.

[*Translation*]

The Chair: Thank you.

Mr. Gérard Asselin.

Mr. Gérard Asselin (Manicouagan, BQ): Thank you, Mr. Chair. I am going to try and proceed as quickly as possible in order to allow Mrs. Lavallée to use any time I may have left.

Mr. Schreiber, as I understand it, you stated under oath that Fred Doucet had asked you for \$300,000 for Mr. Mulroneys. Is that correct?

[*English*]

Mr. Karlheinz Schreiber: No. Mr. Doucet asked me to help financially. There was no amount discussed.

[*Translation*]

Mr. Gérard Asselin: That means that you made a contribution to Mr. Mulroneys at Mr. Doucets request.

[*English*]

Mr. Karlheinz Schreiber: Yes.

[*Translation*]

Mr. Gérard Asselin: If I have understood correctly, you stated under oath that you agreed, at the request of Fred Doucet or Elmer MacKay, to contribute \$30,000 to Jean Charest's campaign. Is that correct?

[*English*]

Mr. Karlheinz Schreiber: Yes.

[*Translation*]

Mr. Gérard Asselin: Did you know that Fred Doucet was Peter MacKays chief organizer?

[*English*]

Mr. Karlheinz Schreiber: What was he?

[*Translation*]

Mr. Gérard Asselin: Did you know that Fred Doucet was Peter MacKays chief organizer when Mr. MacKay was running for the leadership of the Progressive Conservative Party?

[*English*]

Mr. Karlheinz Schreiber: Yes. I saw this lately in the paper. I didn't know at the time.

[Translation]

Mr. Gérard Asselin: When you contributed the money, you were not aware that Fred Doucet was the organizer for Peter MacKay?

[English]

Mr. Karlheinz Schreiber: When I paid to Charest?

[Translation]

Mr. Gérard Asselin: No, I am talking about the leadership campaign of the Progressive Conservative party in which Peter MacKay was running. Did you know that Fred Doucet was his organizer?

[English]

Mr. Karlheinz Schreiber: No, sir, because I had no contact with him, as I told you earlier. I had contact with his father, not with him.

• (1225)

[Translation]

Mr. Gérard Asselin: Did Fred Doucet, or anyone else, such as Elmer MacKay, the father of the current Minister of National Defence, solicit funds from you for Peter MacKay's campaign for the leadership of the Progressive Conservative Party?

[English]

Mr. Karlheinz Schreiber: No.

[Translation]

Mr. Gérard Asselin: Mr. Schreiber, you contributed money to Mr. Mulroney, and you contributed money to Jean Charest. You are a very great friend of Elmer MacKay, but you did not contribute to Peter MacKay's campaign for the leadership. That is difficult to understand.

[English]

Mr. Karlheinz Schreiber: Sir, I contributed to the Conservative Party—that's number one—not to these people.

Number two, I had no relationship with Peter MacKay in those days.

[Translation]

Mr. Gérard Asselin: Yet it is difficult to understand that you admit—and do so with pleasure—that you are great friends with Elmer MacKay. You do not deny that.

Mr. Karlheinz Schreiber: Yes.

Mr. Gérard Asselin: OK. Elmer MacKay is the father of Peter MacKay, the current Minister of National Defence in the Harper government.

Mr. Karlheinz Schreiber: Yes.

Mr. Gérard Asselin: During Mr. Mulroney's leadership race, you made contributions to him, correct?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mr. Gérard Asselin: During Mr. Charest's leadership race, you also made contributions to him, correct?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mr. Gérard Asselin: I do not understand how you, who are such good friends with Elmer MacKay, Peter MacKay's father, can not have been asked to contribute to Peter MacKay's campaign.

[English]

Mr. Karlheinz Schreiber: I was not asked by his father. I think—I can only guess—that he knew it could become an embarrassment because I am not on good terms with Peter MacKay. He has such a different personality than his father, I have not much in common with him.

[Translation]

Mr. Gérard Asselin: So, as I understand it, you have made no contribution directly or indirectly to the campaign of Peter MacKay.

[English]

Mr. Karlheinz Schreiber: No.

[Translation]

Mr. Gérard Asselin: Mr. Chair, I yield the floor to Mrs. Lavallée.

Mrs. Carole Lavallée: Mr. Schreiber, I would like to come back to the letter that you wrote, which is nothing more nor less than a threatening letter. If you wanted to threaten him with something, the information that you were threatening to disclose had to be substantial and significant.

Earlier, you told me that you knew...In this letter, you say that you are ready to disclose that Mr. Mulroney had received money from GCI. To threaten Mr. Mulroney with disclosing that, you would have had to know exactly why, how, how much and when. Mr. Mulroney would also have had to know that you knew. Since he did not respond favourably to the letter, tell us the story, tell us when Mr. Mulroney received money from GCI. How much? When? For which contract? Do not get upset, we are here and we are listening.

[English]

Mr. Karlheinz Schreiber: Ma'am, I'm sorry that I repeat myself now. It was when Fred Doucet came with his request, and Mr. Moores and Mr. Ouellet told me I should stay away from this, it is in their hands, and they look after Brian Mulroney. I hope very much that with the witnesses, or whatever evidence we may have in an inquiry, we bring that out. I have no idea what it is, and I tell you quite frankly, at no time would I have been interested in being involved in something like this.

[Translation]

Mrs. Carole Lavallée: When was that, on what date? At what point did Fred Doucet ask you to transfer funds to Mr. Mulroney? What year was that?

[English]

Mr. Karlheinz Schreiber: I said a minute ago to the gentleman over there that my recollection is 1992, 1993. I don't know exactly.

[Translation]

Mrs. Carole Lavallée: Was Mr. Mulroney still in power? Was he still prime minister at the time?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mrs. Carole Lavallée: OK. During the 10 years when you were having dealings with GCI and GCI was having dealings with Mr. Mulroney, why was GCI providing money to Mr. Mulroney? What contracts was he owed money for? You arranged some, when the Progressive Conservatives were in government.

• (1230)

[English]

Mr. Karlheinz Schreiber: No, Ma'am. Sorry, I have to repeat myself again.

This was all agreed upon, in my understanding, already in the early eighties, that GCI would do the business and look after Mr. Mulroney when the time came that he was no longer Prime Minister and he could work with them. So I took it in that basket. This is why I was somehow shocked when—

[Translation]

Mrs. Carole Lavallée: Well, you certainly worked with him, because when we make a list of the contracts that you arranged, it is lengthy.

Let us talk about Airbus. In a \$1.8 billion contract, you earned \$20 million American in commission, about 2%. Then, your company, IAL, was paid \$3.9 million Canadian in commission by Thyssen for the armoured vehicle factory. Then there is a Coast Guard contract worth \$26 million. IAL got \$888,000 and GCI got \$353,000, or about \$1 million. There are others, of course, but we do not have the time to list them all today. We will have the opportunity to do so in a future meeting. Give or take, you made about \$25 million in a few years.

To sum up, under the government of Brian Mulroney, you obtained contracts for your clients worth \$2 billion, and you and your companies took in \$25 million in commissions, thanks to your friend the former Conservative Prime Minister of Canada. So the \$300,000 that you paid to Brian Mulroney were less than 1.5% of the commissions you received. To get to 2%, we need to see what GCI paid him. Have I understood correctly?

[English]

Mr. Karlheinz Schreiber: Ma'am, first of all, as I said earlier, IAL is not my company. That's number one. Number two, the commissions were not for me; they were for GCI. This is why the other day I gave you some interesting correspondence between Mr. Moores and Mr. Strauss. For sure you have seen other documents there.

Let's make this very clear. My business was after the agreements had been made. And think about it. Mr. Sinclair Stevens came to Germany to negotiate with Thyssen. Mr. Sinclair Stevens came to Bavaria and negotiated with MBB together with Bob Brown. Mr. Sinclair Stevens saw Franz Josef Strauss.

So I had only to do one thing: make sure we had Mr. Pelossi and the trust company move that money there, and then make sure it would come to an account, from where it would go... At the beginning this trust business was merely a joke. Mr. Pelossi was in

custody, and I received a call, "What if MBB sends the first money to an account for me?" All the garbage was deduced. The bank had even sent it back to MBB and said, "What is it? This account is impossible." Then they told him that yes, it's correct, it's from Mr. Schreiber.

The Chair: Thank you, Mr. Schreiber.

I'm looking at the clock, and I want to see if we can let you know what I think we can do in the remaining time. I want to hear from Mr. Tilson, followed by Mr. Martin, followed by Mr. Hubbard. We'll try to do that. We're going to give them their time.

Then, and I hope all those who are in the room here will listen carefully, the committee has to go in camera to discuss future meeting dates and witnesses. We do have to have a report and probably a vote. I'm going to ask, after I excuse the witness, that everyone who is not part of the in camera proceedings—that's members and their authorized staff—should exit the room immediately.

We'll start the meeting as soon as that happens. I know that members want to go scrum, but if we do our business quickly, you'll have ample opportunity before question period for that. So I'm going to ask members, as soon as this room is cleared, to start our meeting. We need to make some decisions.

Let me move quickly now to Mr. Tilson.

Mr. David Tilson: Mr. Schreiber, you have indicated to the committee that there have been conspiracies by the Liberal government—and Mr. Cotler's role in this—by the Conservative government, and by the German government.

• (1235)

Mr. Karlheinz Schreiber: No, it is the prosecutors in Augsburg.

Mr. David Tilson: Excuse me, sir?

Mr. Karlheinz Schreiber: It is the prosecutors in Augsburg.

Mr. David Tilson: Okay. I don't know what that means.

Can you tell us, when you say there are conspiracies, what that means?

Mr. Karlheinz Schreiber: It started early in 1995, I found out later on, approximately in May, when people from the justice department, and the RCMP, by the way, through the Canadian embassy contacted the people in Augsburg, the prosecutors, and made them aware about the developments in Canada—you may recall the book *On The Take* and all the things—long before the letter of request from Canada or from Germany went to Switzerland. From then on they met from time to time. For example, as you may be aware, I have about nine complaints against the RCMP people, that they investigated in Switzerland, violating Swiss sovereignty, introducing witnesses.... Mr. Pelossi was asked the first time by the guys in Augsburg in July 1995.

What it was all about, what I later on saw, is that really under the times of the Liberal government, the justice department, with the support of the RCMP, was very keen to get support and help from the people in Germany in their case against Mr. Mulroney in Canada...Frank Moores and myself, related to the letter of request. This is how it started.

In the meantime, Minister Nicholson right now...he refused to look at a letter from the Swiss minister of justice telling him what's going on in Germany.

The German supreme court has decided there was no fraud in Thyssen, no fraud on the Saudis, and there was no bribe on Mr. Pfahls. And all the same things are still in the record of the case.

So I strongly believe that even if you will not agree with everything the Liberals want—an inquiry or whatever—you will agree with me on one thing. It is not right when the Canadian Minister of Justice tolerates that the German government—that means the people in Augsburg—lie constantly to the Canadian courts. And here's the reason. You may not believe this, but I have to say this. When we asked to change the records of the case, the answer from the Germans was, “We cannot; the case for Mr. Schreiber was put to rest, and we can only open it when he appears.” But when he appears he goes into custody, and then you'll see all the complaints from the human rights commission and other organizations in Europe. People in Germany were between seven and 11 years in custody and never got a day in court. This is why I say, why can't we do...and this is the other lie under the treaty, when the minister says, “I am obliged under the treaty to send Mr. Schreiber to Germany.” It's a mere lie. The treaty says the parties are not obliged to send nationals.

Now I ask you, sir, as a Canadian, should Canadians not have the same reciprocity, the same privileges, as the Germans? If you want to have a German in Canada, the Germans will say no, we will try him in Germany for you. This is exactly what is in the treaty. If Canada would treat me the same way the Germans treat their nationals, they would try me here; they would prosecute me here in front of a Canadian court. I would be happy to do this, to begin tomorrow.

Mr. David Tilson: Is that what this is all about, this whole thing before this ethics committee? You're the centre of attention in this thing, the public inquiry, the RCMP investigation back some time ago. Is that what this is all about, that you have felt that you've been wrongly treated by the Germans?

Mr. Karlheinz Schreiber: In part, yes, sir, and I'm really satisfied especially that you raise this question. Would you not agree with me that when you look at all the mess the Conservative Party members, including myself, have had for the last 12 years with this horrible thing the Liberals did when they started this investigation with Allan Rock...? I told him in a letter, I don't care about your apology; I'll see you in court.

Don't you think that I could really expect, when the Conservative Government came to power, that they would do exactly what Mr. Mulroney, by the way, said when you saw my last letter to Prime Minister Harper, where I'm coming from? This is a matter that is in the interests of each and every Canadian, that fundamental justice takes place. I think Canadians should have the same quality of citizenship that other people have around the world.

When you leave tomorrow on a business trip or on vacation abroad, I can show you a scenario where you could be in the same position I am.

• (1240)

Mr. David Tilson: I have one more question, Mr. Schreiber, and then I'll pass it on to Mr. Hiebert.

This \$2.1 million that was paid by the federal government to Mr. Mulroney as part of an out-of-court settlement—it was about 10 years ago—

Mr. Karlheinz Schreiber: Yes.

Mr. David Tilson: The settlement was over an investigation by the RCMP and the justice department into allegations with respect to kickbacks from you. So the government of the day really thought the whole matter was cleared up, which is why, they say, they paid \$2.1 million. Ten years later, here we are again.

My question to you is, what was all that about?

Mr. Karlheinz Schreiber: Sir, when you look at that situation, I think we could go out of here hand in hand and have the same—

Mr. David Tilson: I'm not going to do that!

Voices: Oh, oh!

Mr. Karlheinz Schreiber: —understanding. There's a saying in Germany: we agree on something.

I have not the smallest clue anymore about what's happened. Let me say this. Stevie Cameron was a police informant. If she really was, the feeling was the sergeant was entitled to speak to her. But he was fired. Now, is she or is she not? If she's not, who are all the others who spoke to her and did not get fired at that time? And what did they really know?

May I tell you something? He had to sell hotdogs, and his officers had to sell hotdogs, to get the money for a lawyer. He gave out little pins with a Canadian justice scale and his RCMP number. When we had discoveries with him, he gave this pin as a gift to me and said, “Mr. Schreiber, I apologize for what I have done to you. I don't know what to say.” Wait until they come here. This is all crazy.

And your colleague, who was so much.... Allow me, please, to say this too. I really am trying to be fair as much as I can. But when he speaks about my letter, it was not the first letter I was asked to.... I was even asked to sign an affidavit, which was phoned by Mr. Mulroney. I would not touch this field too much anymore; otherwise it may not be in the interest of Mr. Mulroney.

But anyhow, I hope you understand what I said. This is so crazy, this whole thing, and the point is...and I can only hope that you believe what I'm saying. I have to pinch myself once in a while and look at this whole thing and think it's real.

Mr. David Tilson: Okay.

Mr. Hiebert has some questions for you.

The Chair: We have just a little over a minute.

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

Mr. Schreiber, I'm concerned about some of the answers you provided a few minutes ago, when you said you were willing to sign anything you were given.

You've basically indicated to this committee that the July 20, 2006, letter is not one that you believe or think is true, but you were willing to sign it anyway. It makes me wonder what other letters you've signed that you didn't believe or are not perhaps true.

My most important question to you, sir, is are you not concerned that you have perjured yourself, once, perhaps twice, maybe many times in the past, based on your willingness to sign, say, or nearly do anything to avoid extradition?

Mr. Karlheinz Schreiber: No, not at all.

Mr. Russ Hiebert: How do you explain the fact that one letter you say is accurate and another letter you say you were forced to sign, or that you signed it willingly knowing that it wasn't true?

Mr. Karlheinz Schreiber: No. All these blooming words in there...why don't you ask the witness about this? What would you have done if you had been in my position and the previous Prime Minister, who has done so much mess to me, came and said, "Karlheinz, I want to help you, but I can't do this, you did this horrible *fifth estate* program, so I cannot do this unless you give me this letter that I can show to the Prime Minister to show that we are on good terms"? If you were in my position, and you have a wife and you have children, what would you have done?

Mr. Russ Hiebert: So you're willing to sign anything that's given to you—

Mr. Karlheinz Schreiber: At that moment, when Brian Mulroney said he needed it for the Prime Minister to fix the whole thing and go to an inquiry, yes, I would sign anything.

The Chair: Thank you.

Mr. Martin, please.

Mr. Pat Martin: Thank you, Mr. Chairman.

Up until 1994 it was legal to deduct bribes from your income tax in this country, and I presume—

• (1245)

Mr. Karlheinz Schreiber: In this country?

Mr. Pat Martin: In this country it was legal to deduct bribes as a business expense—in this country, on your income tax.

Mr. Karlheinz Schreiber: A commission, yes, I know—\$8 million.

Mr. Pat Martin: And I guess in Europe it was common practice to have grease money to facilitate commerce in its various respects. So there was a \$20 million fund that Airbus set aside for grease money. Am I correct in my reading of this?

Mr. Karlheinz Schreiber: Sir, we have to make sure now what we speak about. The Airbus company is a French company; it's not a German company.

Mr. Pat Martin: No, well, it's European—

Mr. Karlheinz Schreiber: Yes, it was all over Europe.

And I would be pleased to tell the committee later on, whenever you have the time and are willing to listen, how the whole thing was done—from the political scenario, how it happened.

Mr. Pat Martin: We won't have time for that in my 10 minutes.

Mr. Karlheinz Schreiber: No, I know.

But the money was a commission. Sure.

Mr. Pat Martin: Yes, it was set aside.

But you had access to that money. One of your jobs was to help Airbus sell their product overseas—

Mr. Karlheinz Schreiber: Yes.

Mr. Pat Martin: And you could draw from this fund—

Mr. Karlheinz Schreiber: Yes.

Mr. Pat Martin: —to help you operate.

Mr. Karlheinz Schreiber: No, that's not true. The money was—

Mr. Pat Martin: Just when I think I've got him, he slips away.

Mr. Karlheinz Schreiber: The money was with GCI, and that—

The Chair: Keep it to questions and answers, please.

Mr. Karlheinz Schreiber: That money belonged to GCI.

Mr. Pat Martin: The \$20 million from Airbus—

Mr. Karlheinz Schreiber: In total.

Mr. Pat Martin: —all belonged to GCI?

Mr. Karlheinz Schreiber: At the beginning.

Now, the agreement with GCI was, who is going to get what? How are we going to share it?

Mr. Pat Martin: Now we're getting somewhere.

Mr. Karlheinz Schreiber: And when that was agreed upon, I was sitting there, on their request, and transferred funds.

Mr. Pat Martin: To whom?

Mr. Karlheinz Schreiber: Whoever they wanted.

Mr. Pat Martin: Name one.

Mr. Karlheinz Schreiber: Well, we had the account for Mr. Ouellet; we had trust companies.

Mr. Pat Martin: That was Airbus money to Mr. Ouellet?

Mr. Karlheinz Schreiber: Yes.

Also, we had a trust company. Mr. Moores had a company called Ticinella. So they did all of these things; they could do whatever they wanted with their money.

Mr. Pat Martin: It's hard to see how those transfers would be of direct benefit to Airbus. I'm just trying to see how it would be to their benefit to have you spreading money.

Mr. Karlheinz Schreiber: I think the whole Airbus thing, the way it was structured between the governments, was....

Also you are aware that the German party, the Christian Social Union, got a substantial amount of money.

Mr. Pat Martin: I know.

Mr. Karlheinz Schreiber: And I have a certain understanding that other funds went for François Mitterrand. This is so common over there, I wouldn't even have thought about it.

Mr. Pat Martin: Did it raise any ethical questions for you? Did your ethical radar go off at the fact that Gerry Doucet was lobbying the government, even though his brother, Fred Doucet, was a special assistant to the Prime Minister, and also that Frank Moores was lobbying the government for Airbus and was also sitting on the board, or was put on the board of directors, of Air Canada?

Is that normal in your world?

Mr. Karlheinz Schreiber: You saw the correspondence with Mr. Moores and that he had several meetings with Franz Josef Strauss, so you're not telling me that I have to decide what the chairman of Airbus Industries agrees upon and I have to do it?

Mr. Pat Martin: But this is the ethics committee. It isn't a court, though I know you're being treated as if you were on trial here, or something like that, given some of the rigorous cross-examination. It's the ethics committee, and what we're trying to get down to is whether there were breaches of ethics by public office holders in this country.

In your estimation, did anybody cross any lines, or was this just business as usual in Canada in 1988?

Mr. Karlheinz Schreiber: Mr. Martin, as I said, I know how the whole thing got together when Max Ward got domestic flying rights after the election was done. There are many things.

I had no feeling directly of what might go on, because we sent invoices from my companies to GCI, from Liechtenstein companies to Fred Doucet's company. This was a whole bunch of transactions. What they did with it, how could I go into that?

Mr. Pat Martin: But the United States ambassador called it bribery. He said Boeing lost this job in Canada because Airbus bribed their way all over Ottawa and secured the deal.

That's what a lot of people think.

Mr. Karlheinz Schreiber: Yes, and the FBI was with the RCMP and complained about all of this, and the RCMP told them, please, do an official complaint and we will go after this. But they said, no, no, we are not going to do this; we don't want to show up as if we're smearing here, and on top of this we don't know whether Mr. Mulroney will be re-elected.

I know that.

Mr. Pat Martin: Okay. I'm going to have to pass this over to my colleague, Mr. Comartin.

Mr. Joe Comartin: Mr. Schreiber, just before or at the time the \$2.1 million settlement to Mr. Mulroney was made, you received a letter of apology from Mr. Rock and I think someone else. Is that correct?

Mr. Karlheinz Schreiber: I think it was the Commissioner of the RCMP, Mr. Murray.

• (1250)

Mr. Joe Comartin: Prior to receiving that apology, did you have any opportunity, either in the form of a sworn statement or an interrogation by the justice department, or somebody on their behalf, such as the RCMP or any other police force acting for the federal government, to make a statement with regard to your relationship with Mr. Mulroney?

Mr. Karlheinz Schreiber: No, sir.

Mr. Joe Comartin: Do you know how that apology came about? You were not a party to that action, correct?

Mr. Karlheinz Schreiber: Yes, but I got the apology.

Mr. Joe Comartin: But you were not a party to the action.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: How did the apology come about?

Mr. Karlheinz Schreiber: The apology was sent to my lawyer, Mr. Hladun, in Edmonton.

Mr. Joe Comartin: Did you, or did he on your behalf, ask for the apology?

Mr. Karlheinz Schreiber: No, we got it as information after the settlement.

Mr. Joe Comartin: Did you have any discussions with Mr. Mulroney or his lawyers as to your wanting that apology and their asking for it on your behalf?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: This apology came totally unsolicited.

Mr. Karlheinz Schreiber: Yes, out of the blue to me.

Mr. Joe Comartin: It was totally gratuitous and without their ever questioning you about your role and your relationship with Mr. Mulroney.

Mr. Karlheinz Schreiber: Yes, and when you look at the letter I sent back to Mr. Allan Rock, you can easily read what I told him.

Mr. Joe Comartin: You weren't impressed with the apology.

Mr. Karlheinz Schreiber: No. I told him, "I'll see you in court", and I'm still waiting.

Voices: Oh, oh?

Mr. Joe Comartin: Someday we'll come back to that lawsuit.

With regard to the letter of May 8, 2007, you make a number of points that you are prepared to disclose, as you put it.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: The very last one before the "and more"—and this is to Mr. Mulroney—is that you supported fraud related to the Thyssen project. What do you mean by that fraud?

Mr. Karlheinz Schreiber: I mean that Mr. Mulroney all the time had contact with me and with the executives from Thyssen and always confirmed that the project was fine and how much he appreciated that we brought jobs to Nova Scotia. There was not the smallest—not the smallest—doubt in the brains of the Thyssen people and myself. Of course, you can imagine, I was always—

Mr. Joe Comartin: Let me stop you, Mr. Schreiber, because you're going to take up the rest of my time.

The fraud you're talking about is a fraud on you and your companies and the ones who were pushing for that project?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: Not on the Canadian people?

Mr. Karlheinz Schreiber: No, on the project.

Mr. Joe Comartin: You then finish that with "and more". You threaten him in effect with other disclosures that you're going to make. What are you referring to with the "and more"?

Mr. Karlheinz Schreiber: I refer to the whole other situation around the Canadian soldiers, especially the army, and how it threatened the lives of the people in Nova Scotia when I was asked to put ads for our company.

Mr. Joe Comartin: Because he didn't go ahead and support the Bear Head project.

Mr. Karlheinz Schreiber: Yes. I was asked in front of the—

Mr. Joe Comartin: I understand. Any—

Mr. Karlheinz Schreiber: —to put ads in the paper for jobs.

Mr. Joe Comartin: Was there anything else other than that?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: Do I still have time?

The Chair: One minute.

Mr. Joe Comartin: Mr. Schreiber, you've also told us repeatedly about this \$100,000 payment and that it occurred on June 23. I've gone through the material from the *fifth estate* showing the documentation of the money in the Britan account. The first deposit, the \$500,000, did not occur until July 26, 1993, a month after this meeting with Mr. Mulroney.

Either you're wrong about the June date or you took the \$100,000 from some other source. The first \$100,000 out of that account didn't come until July 27. Which is it? Are you wrong on the date, or did you take the \$100,000 from some other source?

Mr. Karlheinz Schreiber: I gave the first cash payment in the amount of \$100,000 to Mr. Mulroney on or about August 27, 1993, when I met with Mr. Mulroney—no, no, this is something else. Oh yes, it was at the airport hotel.

Mr. Joe Comartin: That was the first \$100,000.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Hubbard.

Hon. Charles Hubbard: Thanks, Mr. Chair.

We've heard a lot about success, and probably as a business person, Mr. Schreiber, you were very successful. You came to our country as an immigrant. By the early 1980s you had become friends with Frank Moores. You were involved with getting rid of Joe Clark. You saw your friend Brian Mulroney as Prime Minister. Things were going very well for you.

In fact, they improved year by year until the company that you were associated with got a contract for some 34 aircraft, and over \$1 billion was involved. Along the way you had to be friends and be involved with a good number of people. I have some difficulty with success and who got money because of what the success was in terms of that sale.

I was also intrigued, Mr. Chair, with Harrington Lake. Harrington Lake became a centrepiece of all of this. You were very much attached to the Conservative government. You were from Bavaria—quite a conservative area of Germany. You came here with great respect for conservative values. With that, Mr. Schreiber, you had great influence.

Was the visit to Harrington Lake in 1993 your first visit to Harrington Lake?

• (1255)

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: A Mr. Doucet came to you and indicated that Mr. Mulroney, the Prime Minister of Canada, wanted to meet you. You must have been elated. Here's the Prime Minister, inviting you out to his great resort to meet with him and maybe some of his friends to discuss what Mr. Doucet defined as a "money issue".

When you met with Mr. Mulroney, who else was present?

Mr. Karlheinz Schreiber: There must have been some servants. His wife was not there. At least, I didn't see her. But nobody...we were alone.

Hon. Charles Hubbard: The two of you were there alone.

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: It's hard for me. I'm just a poor country guy, but to think that someone who was Prime Minister for nine years was so hard up he had to call somebody who just had a billion-dollar contract, involved with that, invite him out to his resort, and say, "Mr. Schreiber, I need some cash. I'm soon not going to be Prime Minister. I'm a lawyer. I'm a former executive with the Iron Ore Company of Canada. I have a lot of contacts. But yet I need some of your money."

Is that the conversation that was held?

Mr. Karlheinz Schreiber: No. He didn't even ask directly for the money on that day. The situation was a bit different, sir, and if I may remind you, I think I mentioned it.

The conversation started with Fred Doucet, more or less about the mess Mr. Mulroney was in because it was in the media that he sold—or his wife, whoever, sold—the furniture from 24 Sussex, which belonged to the government, because he had no money.

So Elmer MacKay, who used to be the Minister of Public Works, was nearly out of his mind. He had bought the furniture. Now the Mulroneys were selling the furniture. The furniture had to be brought back.

So I knew about the terrible financial situation. There was nothing to be discussed. To be very frank with you, I would not have created an embarrassment for Mr. Mulroney. I would have had no reason for that. When I came there, I knew what it was. I had made up my mind. I would see whether I could help him, see whether there was a reason, whether he could do something. There was the reason of the unification of Germany. I was pretty much prepared to tell him, okay, we could work together if we do.

Hon. Charles Hubbard: But at that point, Mr. Schreiber—we know there was at least \$20 million involved—I don't know if you knew at that time, but at least \$10 million of that \$20 million was missing. No one knew exactly where it went. You spoke this morning about cash, that it was an easy way not to get people involved. Only the payer and payee knew. Cash was the no-trail system.

There was this group called GCI, set up with Frank Moores, with operatives. A lot of money was floating around. Do you think Mr. Doucet thought that Mr. Schreiber would be a good source of money?

Also, Mr. Schreiber, did you believe in your heart of hearts that Mr. Mulroney had received money before this, for his work around the Airbus?

Mr. Karlheinz Schreiber: No.

Hon. Charles Hubbard: But you seemed to reflect this morning that there might have been money. It seemed some people felt there were more—as Cameron said—“on the take”. Who all was on the take?

You talk about this list of people this GCI was distributing money to. Do you know who they were? Could you present to our committee a list of the various trust companies and individuals who were getting money from that \$20 million...?

Mr. Karlheinz Schreiber: No, sir, the way that works, when the orders came...first of all, there is this account; everybody knows it's for the social union. Then, of course, there are the orders where you just withdraw the money in cash and you put it into a numbered account, either in the same currency or different.

But let me tell you something. Otherwise, you will never get the right understanding on this. In this world, where the money goes, the first thing you have to do is to make sure your client understands there is no proof the money was sent, because if you try to keep proof—I don't know in what business you are involved—it's only for one reason: to use it in the next round to blackmail for another order. That is deadly, sir.

Therefore, if you want to be a professional in that world, make sure the money goes and nobody can find out how it went.

•(1300)

Hon. Charles Hubbard: But currently, today, Mr. Schreiber, Canadians are watching this. Do you really believe this is the Canadian way? Do you believe you're called to Harrington Lake to talk about money—money for Mr. Mulroney—but then money wasn't talked about?

I only have a short time left, Mr. Chair.

You must have had a hard time as a conservative. You watched 13 years of good government—not in your opinion, but in mine—and with it, you must have sat back watching a number of people trying to become Prime Minister. Eventually, Brian Mulroney and Peter MacKay made a deal, and we have a new leader of the Conservative Party. You must have been elated, in January 2006, and you saw your way to fix your problem.

Mr. Karlheinz Schreiber: Yes, and I'm deeply disappointed. Everybody knows. There's no secret on this.

Hon. Charles Hubbard: There's no secret. The way to do this, apparently, was for you to again write a letter to Mr. Mulroney.

How did you know that Mr. Mulroney was meeting with Mr. Harper?

Mr. Karlheinz Schreiber: Because I learned from Elmer MacKay that the meeting was on by the end of July, the first part of August. I told you already all the details, what the feedback was.

Hon. Charles Hubbard: The feedback of that meeting was that he had discussed it with Mr. Harper, and you expected some good Conservative results.

Mr. Karlheinz Schreiber: What I wanted, sir, and I will make it very clear again for each and every Canadian: I wanted the inquiry. It is in each and every letter. I want my name cleared in this whole mess I am in because of the Conservatives. That's the problem.

Hon. Charles Hubbard: He told you that it was a good meeting and they were going to do something for you after that meeting at Harrington Lake.

Mr. Karlheinz Schreiber: I had my doubts, but I hoped he was finally coming to grips and was doing the right thing, yes, sir.

Hon. Charles Hubbard: Who? Mr. Mulroney?

Mr. Karlheinz Schreiber: Mr. Mulroney, sure.

Hon. Charles Hubbard: Today in your testimony—yesterday, too, last time—you're very critical of Mr. Mulroney, but you feel Mr. MacKay, the younger MacKay, is also not a very good friend of yours and not a very good friend of what you thought he should have done.

Mr. Karlheinz Schreiber: Well, he never was a close friend of mine. In order to be fair, I never socialized with him so I could make a huge judgment on him. What I referred to that day is we wanted to have some people recruited from Canada, send them to Thyssen, and let them work. All my observations were later on. I keep...really, with great thanks to Elmer MacKay, that friendship, but I have nothing in common with his son.

Hon. Charles Hubbard: Thank you, Mr. Chair.

Certainly, we need more of this.

The Chair: Yes.

All those who aren't going to be involved with the in camera meeting, please pack up your stuff now. I want no interviews whatsoever in this room. Take it outside.

Mr. Schreiber, it would appear, and I'm going to give you notice right now, that we will require you next Tuesday, December 11, to appear again at 11 a.m. We will confirm that with you.

I'm going to suspend now.

[*Proceedings continue in camera*]

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