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Chair

Mr. Paul Szabo

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Standing Committee on Access to Information, Privacy and Ethics

Monday, February 25, 2008

• (1515)

[English]

The Chair (Mr. Paul Szabo (Mississauga South, Lib.)): Order. This is the 18th meeting of the Standing Committee on Access to Information, Privacy and Ethics. Our order of the day is pursuant to Standing Order 108(2), the study of the Mulroneys Airbus settlement.

Good afternoon, colleagues. I'd first of all like to give you notice that when we finish with our second witness today, I'd like to briefly go in camera to allow sufficient time to deal with the response of Mr. Mulroneys to our letter, which was authorized in our meeting of February 14, specifically about the information request related to the international trips.

Our first witness today is appearing by video conference. The Honourable Elmer MacKay is a privy councillor and was a member of Parliament for 21 years, between 1971 and 1993. During this time he served as minister responsible for CMHC and also for ACOA, Minister of Public Works, Minister of National Revenue, Minister of Regional Economic Expansion, and Solicitor General of Canada.

Good afternoon, Mr. MacKay. Can you hear me clearly?

Hon. Elmer MacKay (As an Individual): I can.

The Chair: Thank you kindly, and thank you for accepting our invitation to appear before the committee today.

Mr. MacKay, as a privy councillor I expect that you will recall the rules, procedures, and traditions of the House of Commons, and in particular you will recall the general expectation that witnesses appearing before the committee testify in a truthful and complete manner. Do you wish to proceed under this understanding, sir, or would you feel more comfortable being formally sworn in by the Clerk of the Committee?

Hon. Elmer MacKay: It makes no difference to me.

The Chair: Okay, we will proceed under the understanding. Thank you.

I understand you have a brief opening statement to make to the committee before we go to questions. I invite you now to address the committee.

Hon. Elmer MacKay: Mr. Szabo, members of the committee, it's been about 15 years since I returned to private life. During that time I've had no contact with Parliament, no appointments or contacts whatsoever. Of course, I did refresh myself on the privileges that a witness has when appearing before a committee like this one. As you well know, the main one is that we have the same privilege to

freedom of speech as the members do. I intend to exercise that, of course. I also want to make a few preliminary comments.

Now, with the greatest of deference, I have come to the conclusion that there's a growing consensus that this committee has become irrelevant. People are turned off. Some committee members even seem to share this view. These proceedings are now not even carried, I understand, by some of the Quebec media.

In the beginning, there was a lot of reference made to millions of dollars in mysterious commissions perhaps paid to Canadian people, with all sorts of innuendoes about Mr. Mulroneys and Mr. Schreiber as far back as the early 1980s. So far, the only hard evidence of any ongoing dispute between Mr. Mulroneys and Mr. Schreiber involves, whether you believe it's \$300,000 or \$225,000, funds paid by Mr. Schreiber from his own funds to Mr. Mulroneys in a business arrangement that, while unorthodox or unconventional, has not been shown as illegal—in other words, no speculation of public funds, nothing else of any substance, \$300,000 or less, not more than a down payment on the short-term travel expenses of the Senate or the operating budget for *the fifth estate*.

In this committee process, my name keeps coming up in incongruous ways. Sometime I'd like to use it myself.

For example, Don Newman, in his recent TV show, said, "Elmer MacKay, friend of Schreiber, friend of Mulroneys, used to parade around Ottawa with a big piece of steel with bullet holes in it." Sure, Don—just like I might say you used to parade around Ottawa with a giant microphone with daisies attached. What kind of nonsense is that?

Actually, Mr. Newman may have been thinking about how, many years ago, Mr. Schreiber—when I was present—brought a small piece of metal from the plating of an armoured vehicle to show Prime Minister Mulroneys how inadequate it was to protect our troops. Mr. Schreiber was right.

Incidentally, I agree with Marc Lalonde, my colleague, in his assessment of Mr. Schreiber, whom I personally have never seen do anything wrong. I hasten to add that the same is true of Prime Minister Mulroneys, who has done so many good things for so many Canadians in every region of Canada.

Then another incident, our so-called wedding reception, was mentioned in the proceedings of this committee. In the fall of 1994, Karlheinz Schreiber and his wife, Barbel, kindly invited Sharon and me to meet them in New York. We hadn't seen them since our wedding. While we were having lunch in the restaurant in the Pierre Hotel, Mr. Mulrone and Fred Doucet arrived. We had no idea they were even in New York. They stayed briefly, and departed, I believe, for the airport. That was the last we saw of them. So that is another huge exaggeration—wedding reception indeed.

In approximately 1999, I went to Switzerland to see Karlheinz Schreiber concerning his pasta business. Parenthetically, we had both invested a considerable sum of money in a U.S. company based in Seattle, called Pallino, which utilized Mr. Schreiber's pasta machines manufactured in his factory. I might also add that I lost a couple of hundred thousand dollars on that deal, but you don't win them all. And Mr. Schreiber also lost money.

This company, just for the interest of the committee, was not a nickel-and-dime company. It had on its board one of Bill Clinton's former cabinet ministers. It had Brian Billick, the coach of the NFL Ravens. It had Danny Ainge, who used to play for the Toronto Blue Jays. I just mention that as a matter of interest.

Mr. Schreiber decided to come back with me to Canada. It was a quick trip, and as far as I knew, he intended to go back to Switzerland. So much for another myth, that I somehow was complicit in rescuing him from German authorities.

• (1520)

Finally, there is the e-mail I sent to Mr. Schreiber a couple of years ago, in 2006. Although Mr. Schreiber and Mr. Mulrone had good lawyers, they continued to call me very frequently—that is, Schreiber and Mulrone, not their lawyers—each with a litany of complaints against the other's conduct or lack of understanding. At some point, I suggested a truce or an apology so they could resume their former cordial relationship and settle their legal problems.

Mr. Schreiber asked for a draft, which he subsequently, apparently, used to write a more comprehensive letter. I had no ulterior motives nor in any way promoted any interventions in Mr. Schreiber's extradition proceedings, which were, and still are, before the courts.

I want to deal at this point, Mr. Chairman, with what I consider a fairly serious matter for me, and it involves you.

Pursuant to my appearance here today, originally scheduled for February 12, I made preparations to come. I received the following message from the committee, which I transcribed from my message machine: "Good afternoon, Mr. MacKay. This is Erica Pereira. I'm calling from the ethics committee. I spoke to you last week regarding an appearance I believe we had scheduled February 12 from 3:30 to 5:30. I was just calling because I'm trying to jiggle a bunch of other witnesses' schedules, and I was wondering if there was any possibility that you would be available, instead of the 12th, for the 14th of February, at the same time, 3:30 to 5:30. I have openings on the 14th of February and the 7th. They're both Thursdays, from 3:30 to 5:30. If there is any way you could change your schedule to another day, I would really super appreciate it. My phone number"—

and she gives her phone number—"If you would give me a call back as soon as possible, I would appreciate it. Thank you very much."

I agreed, but before changing my arrangements again, I contacted the clerk of your committee, Mr. Rumas, and asked, since others were doing it, could I appear by teleconference. He was very nice. He indicated that he thought it was a reasonable request. I waited in vain for any contact from the committee—not a very good way to run a committee or to help witnesses.

Anyway, I'm coming to the point. I rearranged my affairs, and while doing some chores to prepare for my absence from home, which, because of travel arrangements and logistics, would be at least two days, I had a bad fall. My wife immediately called the committee.

While I was getting some medical attention, I received another message on my answering machine, this time from a well-known journalist, Stephen Maher, and I'm going to read what he said: "Mr. MacKay, it's Steve Maher calling from *The Chronicle Herald*. I was talking to Mr. Szabo today, chairman of the ethics committee, and he said, how can I put it...he said that you've had a fall—and I'm sorry to hear that—and you're not going to be able to make it here for testimony." He also said: "He made a joke about rehearsal time, as if he suspects you're rehearsing your testimony or something. If you care to talk to me about that or tell me what you think about that, give me a call."

The next morning Mr. Szabo was prominently displayed in *The Chronicle Herald*, Atlantic Canada's largest newspaper. Mr. Maher wrote the following story, prominently displayed:

Elmer MacKay can't take stand; Tumble halts planned testimony.

I'm not going to read this story—it's fairly lengthy—but I'm going to read some of it:

Mr. MacKay's wife called the committee Tuesday night to tell them that her husband, a longtime friend of Brian Mulrone and Karlheinz Schreiber, recently took a tumble and had to go to the emergency room, Liberal MP Paul Szabo said Wednesday.

"He's not in good enough shape to fly to Ottawa tomorrow, nor to go to Halifax for a video conference"...

As he was telling reporters about the news, Mr. Szabo rolled his eyes, suggesting he was suspicious of Mr. MacKay's story. Asked about that, he joked, "I just said it's unfortunate. I mean, rehearsal time. You know."

It goes on to say:

Mr. MacKay was the key minister in the Mulrone cabinet pushing the armoured car...

and so on. Mr. Szabo went on, further in the story:

...he doesn't have reason to believe witnesses are getting together to get their stories straight, in spite of his joke about Mr. MacKay.

"I'm not going to speculate", he said. "Anything's possible, and the way this thing is shaping up is...he said, she said. The lines are drawn..."

and so on.

• (1525)

Last is this:

West Nova MP Robert Thibault, a Liberal member of the committee, said he wouldn't be surprised if witnesses friendly to Mr. Mulroney are discussing their testimony, since Mr. Mulroney's legal and public relations team has mounted a campaign to influence the process.

Well, I can assure you, Mr. Szabo, that there's been no coaching or rehearsing here. But when this story appeared my phone began to ring off the wall—many outraged calls demanding to know what was going on. What was Mr. Szabo suggesting?

So, sir, my question to you is, just what were you suggesting? And how can you, as chairman of the ethics committee, commit such a breach of ethics and procedure in mocking and undermining a witness who is scheduled to appear and to give testimony?

I happen to have been able to come before a lot of committees in my over twenty years in Parliament, and I've never experienced anything like this. There is no doubt in my mind, Mr. Szabo, as far as I'm concerned, you should recuse yourself from taking part in any of these proceedings when I'm giving evidence here today. And I make that request to you very respectfully.

The Chair: That's the end of your statement, sir?

Hon. Elmer MacKay: That's the end of my statement.

The Chair: Okay, thank you very much.

Mr. MacKay, I sincerely apologize for the inconvenience that you have been caused during all this process of trying to get you to appear before us. I guess we have learned a lesson, that we should maybe be a little more sensitive to people's needs.

Then on the second item, with regard to the comment, sir, I admit to having made those comments. I apologize for the inconvenience those caused you. But I can affirm to you, sir, that the issue with regard to contacting witnesses and potentially influencing or interfering with witnesses has been a matter the committee has been aware of. I apologize, but this issue was on the floor before, sir, and—

• (1530)

Mr. David Tilson (Dufferin—Caledon, CPC): We discussed that once.

The Chair: Yes, I know. Okay, thank you.

Mr. MacKay, all I can say to you, sir, is that we do understand the reality of what happens when you have two sides working and they want to be absolutely sure that facts are correct and that their consultation with witnesses is a normal practice, a normal course of business.

I don't have any evidence that there has been any interference. I can tell you and I can assure you that I did immediately, when we found the couple of examples of this, consult with the parliamentary law clerk to determine whether or not there was a basis, particularly with regard to Mr. Spector, that there was a communication that was published and in the media with regard to his appearance and why he shouldn't be doing what he was proposing to do.

The conclusion at that time from the parliamentary law clerk was that at that time there did not appear to be a clear case of interference with witnesses but that we would continue to monitor the situation.

I'm in no way trying to diminish the fact that I made the comment you said. I apologize for that, sir.

If you have anything further you'd like to say, I'd welcome it now, or we could move to questions.

Hon. Elmer MacKay: I certainly have a few more things I'd like to say, Mr. Szabo.

I note that you have what I would suggest are some pretty good lawyers on your committee, and I would be astounded if they would permit a witness to come into a tribunal or before a judge who made the disparaging and demeaning comments you made about me before I even had a chance to appear, rolling your eyes and making a joke. The inference was clear: I was faking a fall and I was waiting for time to rehearse. You made that very clear.

I am very, very reluctant.... In fact, I've almost come to the conclusion I will not give testimony with you in the chair. I've seen some of your rulings. You're a very interventionist chairman. You've just proved it again with Mr. Tilson.

I want you to take my request seriously. I want you to recuse yourself from your position before I give any evidence.

The Chair: Mr. MacKay, I have a great deal of respect for you and for your service to Canada. I have no intention of interfering with the work of the committee. As a consequence, I'm going to ask Mr. Tilson to take the chair during your examination by the members, and I will take a seat at the table and listen.

Would that be all right, sir?

Hon. Elmer MacKay: That would be very acceptable to me, and I thank you.

The Chair: Okay. Thank you kindly.

Mr. Tilson, please.

The Vice-Chair (Mr. David Tilson): Mr. Thibault, seven minutes.

Hon. Robert Thibault (West Nova, Lib.): Welcome, Mr. MacKay, a fellow Nova Scotian.

I have a couple of comments I'd like to make before I start the questions.

First, you quoted from an interview with Steve Maher. That interview was rather lengthy. One of the points that I did mention to him when he was doing that interview was that I hoped your injury wasn't serious and that you'd recover quickly. I maintain that; I hope we find you well today.

Second, you referred to the fact that our proceedings aren't televised nationally. I think you'll remember from your days in Parliament that very few committee proceedings are televised nationally, other than through CPAC. That doesn't diminish their importance.

The question I would like to begin with is the question you raised about your correspondence with Mr. Schreiber and the draft of a letter by Mr. Schreiber to Mr. Harper. Who asked you, if anybody, to draft that letter? I'm sorry, that was a letter from Mr. Schreiber to Mr. Mulroney, which we heard later was to be presented to Mr. Harper.

• (1535)

Hon. Elmer MacKay: I'm a little confused, Mr. Thibault. Let me go back.

I had numerous conversations between these two men, both of whom are my friends. It was very distressing to see how acrimonious they became and how their relationship deteriorated. It culminated with Mr. Schreiber's appearance on *the fifth estate*. Mr. Mulroney was absolutely furious. He called me and said so. Mr. Schreiber also called me. Despite this, there was the suggestion that they could still work together. Mr. Mulroney indicated that there was no way he could be in any way supportive or helpful while this was on the record.

At some point during these acrimonious conversations—

Hon. Robert Thibault: Mr. MacKay, excuse me, you're saying "supportive or helpful". Could you qualify that? Supportive or helpful for what?

Hon. Elmer MacKay: Well, settle their legal problems, speak publicly, as he did on Brian Stewart's show. I have no idea. Those are my phrases, not Mr. Mulroney's.

Hon. Robert Thibault: No, but you said that Mr. Mulroney told you he could not be supportive or helpful until it was settled. Right?

Hon. Elmer MacKay: Mr. Mulroney indicated it would be very hard for him to in any way be helpful to Mr. Schreiber when this was on the record.

Hon. Robert Thibault: In what respect would he be helpful to Mr. Schreiber?

Hon. Elmer MacKay: I have no idea, Mr. Thibault.

But Mr. Schreiber continued to suggest that Mr. Mulroney and he were both victims of this abortive Airbus investigation and they should work together. Finally, my mind was numb; I felt like a quidnunc. I suggested—I don't know whose initiative it was—that they get together, get on the same page, and settle their differences. Mr. Schreiber at one point asked me to assist him or suggest some sort of way to do this in letter form. So I sent him that memo.

Some time later, I note, he took that short memo and incorporated it into a much longer one. After that they were on their own. I have no idea what was in their minds.

Hon. Robert Thibault: You suggested that Mr. Mulroney's presence in New York was not related to a reception being held for you and your wife on the occasion of your marriage.

Hon. Elmer MacKay: It was a big surprise for both my wife and me when he and Fred Doucet walked into the restaurant. That's all I know.

Hon. Robert Thibault: We heard testimony from Mr. Doucet that that was the purpose of their visit to New York.

Hon. Elmer MacKay: That may have been their purpose, but it was completely unbeknownst to us.

Hon. Robert Thibault: So it was a casual luncheon you were having with the Schreibers and not a planned reception?

Hon. Elmer MacKay: That's absolutely right, Mr. Thibault.

Hon. Robert Thibault: Thank you.

Subsequent to your e-mail, Mr. Schreiber did draft and sign a letter and presented that to Mr. Mulroney. Do you know what the purpose of that letter was for Mr. Mulroney?

Hon. Elmer MacKay: I have no idea.

Hon. Robert Thibault: Did you hear about that letter again from Mr. Mulroney?

Hon. Elmer MacKay: Not to my recollection. The only thing I can remember was that I happened to see in *The Globe and Mail* some time later that a columnist, Margaret Wente, referred to this letter of apology.

Hon. Robert Thibault: We heard from Mr. Schreiber that he'd gotten the report back from the meeting between Mr. Mulroney and Mr. Harper, that Mr. Harper had suggested to Mr. Mulroney that they would be able to do the right thing, that things would be okay. You weren't part of that communications loop? You weren't the link between Mulroney and Schreiber at that time?

Hon. Elmer MacKay: I'm completely amazed if that interpretation has come out. Firstly, I cannot imagine Mr. Mulroney—well, either one of them—or myself intervening in a matter that's before the courts, particularly something as high-profile as Mr. Schreiber's extradition proceedings.

Hon. Robert Thibault: You're suggesting extradition hearings, but there were also some suggestions by Mr. Schreiber that what he was asking for was a full public inquiry in the matter. It could have been either of those things that would have been seen as being helpful or doing the right thing. We haven't been able to establish what exactly that right thing was.

Hon. Elmer MacKay: It's not much wonder, because there's been so much Sturm und Drang about this that I cannot, based on all my many tangled conversations, provide you with any definitive direction on this. All I know is that I think it was probably imprudent for my friend Mr. Schreiber to go off on this political route, trying to contact ministers and so on, instead of sticking strictly to the legal system. But that is something he decided to do, and he may be right.

Hon. Robert Thibault: You know, as we do now from media, that when the agreement was signed for the memorandum of understanding for the Thyssen project at Bear Head and the Government of Canada and the Government of Nova Scotia—Nova Scotia first, Government of Canada later—\$4 million in success fees was generated. And you heard later that Mr. Mulroney had received some funds from that, either \$225,000 or \$300,000, depending on whose word you accept, and Mr. Mulroney suggests that he was working internationally for Thyssen while Mr. Schreiber is suggesting it was Montreal east then. And you have maintained a close friendship with both of these gentlemen. Were you aware that Mr. Mulroney was working internationally, promoting the Thyssen product?

Hon. Elmer MacKay: Mr. Thibault, the only thing I can recall that would involve any international effort—and I want to tell you my recollection is hazy—is that it seems to me that Mr. Mulroney tried to contact Mr. Cohon, who was an American executive, I believe with McDonald's, pursuant to Mr. Schreiber's past adventures. I have no idea what Mr. Mulroney did internationally or domestically. And I also have to tell you I have no idea about where the funds Mr. Schreiber paid to Mr. Mulroney came from. I know I may sound naive, but I didn't even realize that there was a success fee that was paid pursuant to the signing of the understanding, as you call it, the memorandum of understanding, until this came out at a bail hearing, the first bail hearing in Toronto, where I attended to go on Mr. Schreiber's bail.

• (1540)

The Vice-Chair (Mr. David Tilson): Thank you.

Madame Lavallée.

[Translation]

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert, BQ): Thank you, Mr. Chairman.

Good afternoon, Mr. MacKay. I'm pleased to have you appear before the committee. It is not easy communicating by video conference, and it may be even more difficult if someone is speaking a different language.

Is the interpretation coming through clearly?

[English]

Hon. Elmer MacKay: Madame Lavallée, I seem to be, so far.

[Translation]

Mrs. Carole Lavallée: Very good, thank you.

I would like to go back to the letter you wrote for Mr. Schreiber and that he sent to Mr. Mulroney. First of all, you say that relations between Mulroney and Mr. Schreiber were not very good. Is that correct?

[English]

Hon. Elmer MacKay: That's correct.

[Translation]

Mrs. Carole Lavallée: You also said...

[English]

Hon. Elmer MacKay: Madame Lavallée, if I may, just so we don't get off on the wrong track, I did not write the letter. I provided a comparatively short memo, a suggested letter, which Mr. Schreiber apparently incorporated into a much longer letter that he wrote and signed.

[Translation]

Mrs. Carole Lavallée: What were your objectives when you wrote that letter? Why did you write those paragraphs?

[English]

Hon. Elmer MacKay: Well, Madame Lavallée, I'll try to be brief, but I have to tell you that for a long, long time I had almost incessant telephone calls from both these men, both my friends, not wanting to talk about sports or business or public affairs, but only to complain

about each other. Each one would ask, "What's the other doing? What's he thinking? What's he saying?"

Finally, I got to the point where I wanted to see this thing come to an end one way or the other—legal affairs, personal affairs. I thought the least I could do, as a friend, for both of them was to suggest the obvious thing: how about an apology?

[Translation]

Mrs. Carole Lavallée: If I understand correctly, you acted as a mediator, particularly after the *Fifth Estate* program. Is that right?

• (1545)

[English]

Hon. Elmer MacKay: Madam Lavallée, I did in a sense, and I plead guilty to being a very poor one. I felt at one point like a *quidnunc*, a malicious gossip. I soon realized there was nothing that could be done; there was no way these two were going to reconcile. And I think you've seen some evidence of that so far at your committee.

[Translation]

Mrs. Carole Lavallée: I imagine that the person who was the most irritated after the *Fifth Estate* program was Mr. Mulroney. Is that correct?

[English]

Hon. Elmer MacKay: That would be correct.

[Translation]

Mrs. Carole Lavallée: What information in particular or what statement made by Mr. Schreiber irritated him the most?

[English]

Hon. Elmer MacKay: That's hard for me to say, madame. I think, if you recall—and it's some time since I've seen the program—Mr. Schreiber didn't portray Mr. Mulroney in a very good light, and the general impression was that he denigrated him and indicated he didn't do very much to help him.

[Translation]

Mrs. Carole Lavallée: But was there one thing in particular that Mr. Schreiber said that especially irritated Mr. Mulroney?

[English]

Hon. Elmer MacKay: Really, I would like to help you. I don't know of a specific incident, but the general effect that Mr. Schreiber created in that program distressed Mr. Mulroney greatly.

If I may, I believe—and again I speak with an imperfect memory—that Mr. Schreiber thought he was going to be interviewed mostly about this absurd scam that the RCMP tried to use to entrap him, and he intended to complain about that. But as the program continued, the focus shifted to Mr. Mulroney.

[Translation]

Mrs. Carole Lavallée: So if I understand correctly, there was nothing in the program that particularly irritated Mr. Mulroney.

[English]

Hon. Elmer MacKay: No, and there was nothing there that particularly gave him any joy either, I guess. The general effect was that he was very upset with the program and the way he was depicted.

[Translation]

Mrs. Carole Lavallée: So then you set about to write a memo. And this was not the first time that you had done that for Mr. Schreiber. You wrote a lot of complaints about the RCMP in 2005. You wrote to the deputy commissioner and to the commissioner to protest their attitude regarding the fishing expedition, the various investigations they had underway regarding Mr. Schreiber. You described these people as being “Mickey Mouse”. It was quite astounding to hear a former solicitor general making such pointed complaints about the RCMP.

Did you do this as well in the case of other Canadian citizens?

[English]

Hon. Elmer MacKay: Madame Lavallée, I've seen the RCMP do a lot of good work and I've seen them do some despicable things, particularly to informers. I believe that by and large they're a wonderful force, but to use one of Mr. Schreiber's sayings, the fish stinks from the head. I think, as one of my letters indicated, it was time the RCMP was reorganized to give meaning and direction to the many thousands of good, conscientious people who are in the force.

[Translation]

Mrs. Carole Lavallée: Did you ever write to defend Canadian citizens other than Mr. Schreiber?

[English]

Hon. Elmer MacKay: I may have. I can remember in the past going to considerable lengths to help an American named Warren Hart, who at that time was treated extremely badly by the RCMP. But as I say, Madame Lavallée, it's been a long time since I left the sacred precincts of Parliament. I've always had a love-hate relationship with the RCMP.

As a young lawyer I did a lot of defence work and I made a lot of enemies and a lot of friends in the force. So would it be wrong for me to condemn them? I don't. I'm happy to see improvements being made.

The Vice-Chair (Mr. David Tilson): Thank you, Madame Lavallée.

Mr. Martin, the floor is yours for seven minutes.

● (1550)

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

Your loyalty to Karlheinz Schreiber is either very touching or rather suspicious, Mr. MacKay. Have you ever been paid for services associated with dealings with Mr. Schreiber? Have you ever accepted any kind of a fee or remuneration for helping him to lobby when you were in public life or even now that you're in private life?

Hon. Elmer MacKay: I'm glad to say, Mr. Martin, that I have never been lobbied by Mr. Schreiber or been paid by Mr. Schreiber.

It would be absurd for him to try to pay me, because I was so supportive of his efforts to try to get this project for a part of my province that needed work so badly, and it was a project that, while many were opposed to it, I thought at the time made sense. So the answer to your question is no, I'd work closely with Mr. Schreiber in that regard.

As I mentioned to you before, when I went back to private life I did some work with Mr. Schreiber pursuant to his pasta business. As a matter of fact, the exercise cost me a couple of hundred thousand dollars.

Mr. Pat Martin: Did you get paid for that work, Mr. MacKay?

Hon. Elmer MacKay: No. As I just told you, I lost a couple of hundred thousand on the deal.

Mr. Pat Martin: I see.

You were very close friends with Mr. Schreiber and Brian Mulroney. Both of these people can't be right. One of them is wrong. One of them must be lying. You're good friends with both of them. Whom do you believe?

Hon. Elmer MacKay: You're putting me on the spot, Mr. Martin.

Mr. Pat Martin: That's why you're here, Mr. MacKay.

Hon. Elmer MacKay: Yes, I know why I'm here.

I don't want to say that either one of them is lying.

Mr. Pat Martin: They can't both be right.

Hon. Elmer MacKay: I'm not a judge. I hope there's some way there'll be a bookkeeping adjustment or there'll be a recollection. I don't know. I find it incongruous that one says \$300,000 and one says \$225,000, but how do I know?

Mr. Pat Martin: The disagreement goes further than just the amount of money, but we won't dwell on that.

This letter you helped to draft or you recommended sentences for—I think it went from your wife's e-mail account to Mr. Schreiber's wife's e-mail account. Is that correct?

Hon. Elmer MacKay: I believe that's correct.

Mr. Pat Martin: Did you ever follow it through? Your recommended language went into a letter that Karlheinz Schreiber wrote. He sent that letter to Brian Mulroney, presumably on your recommendation. You were good friends with both parties. Did Mr. Mulroney ever give it to Mr. Harper? Did Mr. Mulroney ever raise the subject with Mr. Harper, as Schreiber expected him to?

Hon. Elmer MacKay: I would have been totally amazed if anything like that had happened. When I wrote that....

Let's be clear here. We all know, Mr. Martin, you particularly, you're a very conscientious and dedicated MP. The worst thing, as I see it, for anyone to do is to interfere politically when a matter is before the courts. That letter that Mr. Schreiber sent to Mr. Mulroney, as far as I know, had no quid pro quo. I didn't know exactly when he sent it. I didn't compose it. I think he wrote it after he received my suggested memo. I don't know what was in their minds.

Mr. Pat Martin: Thank you.

It would be just as wrong to interfere with an RCMP investigation, and given the number of letters you've written to the RCMP complaining about their avenues of investigation, I don't think the same logic holds up.

Hon. Elmer MacKay: I don't think the RCMP takes very seriously letters from former politicians that poke fun at them. I don't think that constitutes an interference in their investigation.

Mr. Pat Martin: Did the RCMP ever investigate you in a formal way, or interview you in the context of their investigation regarding Airbus?

Hon. Elmer MacKay: They certainly didn't, but I had a couple of very conscientious officers named, I think, Muir and Henschel, who came to see me here in Halifax a long time ago about anything I might be able to tell them about ACOA or Bear Head. I spent a little time with them. I poked a little fun at them. They seemed to be satisfied with what I had to say. I remember some of the excerpts of the conversation, if you want to hear them, but in the end they left, and I haven't heard from either of them since.

Mr. Pat Martin: You started off your remarks, Mr. MacKay, by saying that people were turned off by our committee.

• (1555)

Hon. Elmer MacKay: I think so.

Mr. Pat Martin: I know you were angry at our chair.

Let me put it to you, Mr. MacKay, that the Canadian people are turned off by people associated with that whole administration and the influence peddling and the kickbacks that we know in fact took place in many of the Public Works contracts. That's what people are actually tired of, Mr. MacKay. A lot of people are actually relieved that there are some good people in this room who are doing their damndest to try to get to the bottom of it all, and to put rules in place so that Ottawa can't be hijacked by a bunch of pirates like those who took over during that era, ever again, under a new administration.

I can see you are smiling, but believe me, there are a lot of people in Canada, partly due to our study here, who now believe firmly that there was political interference in the Airbus purchase.

Our investigation is not going to stop here. It's going to go to a public inquiry, and it will carry on then. And people like you, I hope, will be called back, and I hope you will show a little bit more respect for the chairman of the public inquiry than you did for the chairman of our ethics committee when that happens.

Hon. Elmer MacKay: I'm sure I probably will. I don't want to personalize it with Mr. Szabo, but he made me very angry.

I'm interested in your polemics and your assertions of all these kickbacks and bribes and terrible conduct by our administration—

Mr. Pat Martin: Well, Roch La Salle—do I have to read you the names of your old colleagues who were tried and convicted and dragged away in handcuffs?

The Vice-Chair (Mr. David Tilson): Can we have some order?

Mr. Pat Martin: I don't have to remind you, Mr. MacKay. You must have been embarrassed during that whole era. I'm surprised you didn't wear a bag on your head during that whole period of time. I would have, if I were you.

The Vice-Chair (Mr. David Tilson): Mr. MacKay, I'm sorry, Mr. Martin's time is up. We'll have to move on to Mr. Wallace.

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

Thank you for joining us, Mr. MacKay.

Hon. Elmer MacKay: It's a pleasure.

Mr. Mike Wallace: I'm going to give you an opportunity to give some very clear answers. We've been asking the same questions of virtually every witness who has come in front of us just to make sure we have on the record what people's positions are.

The first question I have for you, Mr. MacKay, is do you have any evidence to offer this committee of any wrongdoing by any public official regarding the Bear Head proposal?

Hon. Elmer MacKay: No, I do not, and I gave the same evidence, or made the same comments, to those two RCMP officers many years ago. I've heard all these innuendoes, and I've listened with great interest to Mr. Martin. I do not personally know of any kickbacks or any misconduct.

Mr. Mike Wallace: Thank you.

The committee's reason for being was to look at Airbus and whether there was any new information regarding that settlement. Mr. MacKay, do you have any evidence to offer this committee of any wrongdoing by any public official regarding the Airbus purchase by Air Canada?

Hon. Elmer MacKay: No, I do not, sir. I note here that this piece of paper I have about this committee says this is the study of the Mulroney Airbus settlement. I know nothing about that whatsoever, and I know of no evidence surrounding it. I wasn't part of it. I wasn't a minister involved. I wasn't involved with the settlement. I didn't attend any of the court proceedings. I know nothing about it.

Mr. Mike Wallace: Thank you, sir.

Do you have any evidence to offer this committee of any wrongdoing by any public official regarding the consulting agreement between Brian Mulroney and Karlheinz Schreiber?

Hon. Elmer MacKay: Again, sir, I have no idea of any of the particulars involving this consulting agreement, any more than what I've read in the paper and what I've seen in this committee.

Incidentally, allow me to say, if I sounded a little bit acerbic, I do not denigrate the work of this committee or any member of Parliament. I know how hard you work. All I'm saying is so far, as far as seeing any evidence of wrongdoing goes, to quote an old aphorism, the elephants laboured and brought out a mouse. I haven't seen anything except the ongoing dispute between these two men.

Mr. Mike Wallace: Thank you.

I'll move on to the letter that brought your name forward in Mr. Schreiber's testimony. Your testimony today is that you provided some sentences, some concepts, in an e-mail, but have you actually seen the final draft of that letter that we think was sent to Mr. Mulroney?

Hon. Elmer MacKay: I saw it in a newspaper, as far as I can remember. I didn't see it before that.

Mr. Mike Wallace: So after Mr. Schreiber editorialized it and added to it, he did not pass it back to you for any confirmation of anything that he had written in it. Is that correct?

• (1600)

Hon. Elmer MacKay: To the best of my recollection, that is correct.

Mr. Mike Wallace: Do you have any evidence of when Mr. Schreiber sent that to Mr. Mulroney?

Hon. Elmer MacKay: Not really. I think it was some time...I don't know, a week, two weeks, three weeks after I sent him that draft memo. But I don't know that for sure. I suppose there would be a date on the letter.

Mr. Mike Wallace: Let's assume that letter was sent to Mr. Mulroney in July 2006. You said that you spoke to Mr. Mulroney on a regular basis on different issues, particularly dealing with Mr. Schreiber. Did Mr. Mulroney call you about that letter and ask you anything about it?

Hon. Elmer MacKay: I have so many calls from Mr. Mulroney and Mr. Schreiber—and I'm telling you this to the best of my recollection—my mind is bent. I don't remember specifically what was said in any conversation. My answer to you is, I do not recall.

Mr. Mike Wallace: Have you ever discussed this situation—anything to do with the letter or Mr. Schreiber—with Prime Minister Harper?

Hon. Elmer MacKay: The only time I had the pleasure of meeting the current Prime Minister was at a picnic a long time ago down in Nova Scotia. I have never had any discussions with him about anything substantive.

Mr. Mike Wallace: You mentioned the New York meeting, when you met in the Pierre Hotel in New York City. Are you telling this committee that you had no knowledge that was going to happen in advance—that you, Mr. Doucet, Mr. Schreiber, and Mr. Mulroney would meet up at the hotel?

Hon. Elmer MacKay: That's exactly what I'm telling you. As my wife said at the time, I don't know who was more surprised: she and I, or Mr. Mulroney and Mr. Doucet. Now, maybe Mr. Schreiber set this up as a nice little surprise. I don't know. Maybe Mr. Doucet and Mr. Mulroney knew we were going to be there. But Sharon and I had no idea until they walked in.

Mr. Mike Wallace: At that time, would you have known about the cash payments, the agreement, between Mr. Schreiber and Mr. Mulroney? Would you have been aware of that at that time?

Hon. Elmer MacKay: That was way back in 1994, I believe. If that's the case, no, I certainly had no idea.

Mr. Mike Wallace: So when did you learn about the agreement between Mr. Mulroney and Mr. Schreiber?

Hon. Elmer MacKay: I guess about the same time as everybody else did.

Mr. Mike Wallace: This is my final question for you, Mr. MacKay, and thank you for coming.

You were involved in business with Mr. Schreiber in the past, is that correct?

Hon. Elmer MacKay: Yes, that's correct. What I did—and I did it to help Mr. Schreiber—is I very tentatively approached a few businesspeople in Atlantic Canada, such as the late Harrison McCain, and said, “Mr. McCain, there's a food fair on in Octoberfest. If you have any people there, maybe you would like to have a look at this revolutionary new pasta cooker.”

I also had a quick meeting with another company. Then, of course, on a more substantive basis, I went over to Europe to see Mr. Schreiber on more than one occasion, and there was an executive there who had recently left Starbucks, a multinational company, who was very interested in doing for pasta what Howard Schwartz had done for coffee. So Mr. Schreiber and he made an agreement. The company was called Pallino. It's based in Seattle, Washington. I was persuaded—and I hold no ill will for anybody—to invest a couple of a hundred thousand dollars in this company. Mr. Schreiber did as well, as I recall, and he lost his money too.

I just mention this to show you that it was not a Mickey Mouse thing I was doing over in Europe. I went over to see Mr. Schreiber and he came back with me. I guess that was the foundation of the myth that I had somehow rescued him from the jaws of the Germany tax authorities.

The Vice-Chair (Mr. David Tilson): Thank you, Mr. Wallace.

Mr. Dhaliwal.

Yes, on a point of order, Mr. Martin.

Mr. Pat Martin: This is perhaps a point of clarification, but how much longer are we going to keep this witness? It was my understanding that we have two witnesses today, and that with the first witness we would do one complete round and then we would move on to the next witness.

The Vice-Chair (Mr. David Tilson): I'm at the will of the committee. I understood from the clerk that we were going for one hour. If the committee wants to stop now—

• (1605)

Mr. Pat Martin: I would like to make a motion that we release this witness and move on and invite the next witness.

The Vice-Chair (Mr. David Tilson): Is there agreement on that?

Monsieur Ménard.

[Translation]

Mr. Serge Ménard (Marc-Aurèle-Fortin, BQ): I have a few brief questions for the witness, but they will probably not take as long as...

[English]

The Vice-Chair (Mr. David Tilson): Well, we've got a motion here.

Hon. Robert Thibault: Could we give three minutes per party—three minutes to Mr. Dhaliwal and three minutes to Mr. Ménard?

The Vice-Chair (Mr. David Tilson): Mr. Martin?

Mr. Pat Martin: That's okay.

The Vice-Chair (Mr. David Tilson): Okay, we'll have a quick question from Mr. Dhaliwal and a quick question from Monsieur Ménard.

Mr. Sukh Dhaliwal (Newton—North Delta, Lib.): Thanks, Mr. Chair.

Honourable Mr. MacKay, first of all I would like to express my sympathy to you for your feelings about the treatment you received from our chair, Mr. Szabo, because I can feel your feelings. My dad has been in the hospital for the last two months. Only the close family members can feel the seriousness of the illness or the injury.

My question to you is about the Bear Head project. We have been told that the former Prime Minister, Mr. Mulroney, killed the Bear Head project on December 16, 1990. Were you aware of this at that time?

Hon. Elmer MacKay: Mr. Dhaliwal, I would like to help you on this, but I don't think I was aware of it. I think Mr. Spector made the point that this project was the project that wouldn't die. It kept coming up and coming up again, because Mr. Schreiber, a very forceful and articulate person, believed in that process so much that he kept it alive. I do not remember ever being told at a specific date that that project was killed. I assumed it was at some point. I wish I could give you a date, but I can't.

Mr. Sukh Dhaliwal: You had meetings with Mr. Schreiber and Prime Minister Mulroney after this, in 1992 and 1993, where the Bear Head project was discussed. At any point or any time, did the Prime Minister or anyone else mention to you that the project would not proceed in Nova Scotia?

Hon. Elmer MacKay: At some point in time, Mr. Dhaliwal, that may have been mentioned to me. But you know, we're playing a game of political archeology here. That was a long, long time ago, and I can't give you an honest answer. I wouldn't be surprised that at some point the Prime Minister said to me, "Look, it's all over", but I don't remember when that was.

The Vice-Chair (Mr. David Tilson): Okay, I want to move on, unless you have something really crucial. No?

Monsieur Ménard.

[Translation]

Mr. Serge Ménard: Thank you for being here, Mr. MacKay. I don't think you are that big a fan of the committee. Like Mr. Mulroney and Mr. Schreiber, I think the best way of shedding light on this whole matter is through a commission of inquiry.

You say that essentially, this is just a business dispute between two individuals, and despite the fact that the payments were made in an unusual way, this was not illegal. It is true that it is not illegal to pay in cash and to keep this secret, but generally speaking, when people proceed in this way, they are trying to hide something illegal. I cannot believe that someone like you is not as disturbed as I am about a story of this type. A very rich businessman had some indirect dealings—some of which are considerable—with the Government of Canada. When the individual with whom he was dealing leaves political life, the businessman gives him cash in brown envelopes, as might happen with some dictator or other somewhere in the world. No records and no receipts. All of this was done in the context of a mandate that seems quite bizarre: it was about selling light armoured vehicles to totalitarian countries like China, and about selling German light armoured vehicles to France. Some records were kept, but they were destroyed. The income tax is paid five years later but

this is done in such haste that income tax is even paid on the expenses that were incurred.

Do you not think that there are a lot of disturbing things in this story? Of course, there is no evidence or trial underway, but do you not think that the committee has raised many disturbing issues that deserve a more thorough investigation than has happened so far?

● (1610)

[English]

Hon. Elmer MacKay: Mr. Ménard, that was a very comprehensive and good question, and I don't want you to take from my testimony that I am recommending or sponsoring this type of conduct that has concerned the committee.

I wish I could speak *la belle langue française*, but isn't there a French proverb that might be used here to ameliorate the situation? Doesn't it go something like this: *honni soit qui mal y pense*?

[Translation]

Mr. Serge Ménard: That's English. In fact it is the motto of the Order of the Garter.

If, at the time, you had known about the things that we heard here from Mr. Mulroney, would you have advised him to act in a more transparent manner? Otherwise, people would obviously think about much worse things than wanting to avoid paying income tax on some income.

[English]

Hon. Elmer MacKay: Mr. Ménard, you're absolutely correct. If Mr. Mulroney had consulted me, I certainly would have—as I know you would have—advised him not to take this course of conduct.

The Vice-Chair (Mr. David Tilson): Okay.

Monsieur Ménard.

[Translation]

Mr. Serge Ménard: Thank you. That adds to your credibility.

[English]

The Vice-Chair (Mr. David Tilson): I think that concludes our questions, Mr. MacKay. I thank you for participating. You are dismissed as a witness. I hope you have a speedy recovery from...I think it was your leg.

Thank you, sir.

The Chair: Our next witness is Mr. Karlheinz Schreiber. He is accompanied by his lawyer, Mr. Auger, who may advise his client but may not address the committee.

Good afternoon, gentlemen.

Mr. Karlheinz Schreiber (As an Individual): Good afternoon.

The Chair: Mr. Schreiber, I'll remind you that you are still under oath. As I indicated to you previously, if you have any brief opening statements regarding your testimony so far, in the event that there is something you wish to clarify or you have any subsequent developments or new evidence you wish to give, I will hear from you now.

Do you have a statement, sir?

Mr. Karlheinz Schreiber: Yes.

The Chair: You do. And how long will it take, sir?

Mr. Karlheinz Schreiber: Eight to ten minutes.

The Chair: That sounds fine. Thank you.

I now invite you to address the committee.

Mr. Karlheinz Schreiber: Thank you, sir.

First of all, I would like to thank you for inviting me back to respond to some of the testimony you have heard and to assist you further.

Let me first deal with Mr. Mulroney's allegations that I have contradicted myself under oath, which you will agree with me is a very important matter.

Mr. Mulroney lied to you when he told you that I contradicted myself in my previous affidavits and testimony. He lied to you because he is motivated to try to show there's no need for a public inquiry. That is his only goal.

Mr. Mulroney tried one of the oldest tricks in the book. He's a lawyer and he tried to mislead you by misquoting my testimony. He took my testimony out of context and did not read to you my complete answers. He tried this trick on you and he tried this trick on the Canadian public.

Mr. Mulroney has show business in his family genes and he tried his show business smoke-and-mirrors skills on you. He failed miserably. Canadians got it right when you see the poll results that came up in the *Globe* after his testimony, and I am very honoured that Canadians gave me 84%—27,800 votes. And this is an obligation for me to satisfy the Canadians and not to disappoint them.

For example, I come back now to Mr. Mulroney. He misled you about my November 7 affidavit and my March 3 affidavit. On page 15 of your official transcript of his appearance, Mr. Mulroney testified as follows:

Which one is perjury, Mr. Chairman and colleagues? Is it the one under oath, which he filed in another affidavit on March 3? Or is it the affidavit he filed under oath in a courtroom in Toronto on November 7? They can't both be true.

Mr. Mulroney tried to pull this trick on you because he knew you didn't have my March 3 affidavit. I have now given you the complete March 3 affidavit. You can double-check this and you will see there is no reference at all in my March 3 affidavit to me saying anything about my dealings with Mr. Mulroney. My March 3 affidavit makes no mention or contradiction of anything I said in my November 7 affidavit. My March 3 affidavit has nothing to do with Mr. Mulroney; it relates to my Alberta lawsuit only.

Another example is that Mr. Mulroney, on page 15 of your official transcript, testifies as follows:

And what did he say in the Eurocopter case? What he said in the Eurocopter case was:

Question: "These thoughts of this idea that you had, this plan to hire Mr. Mulroney, what time are we talking about?"

Answer by Mr. Schreiber: "After Mr. Mulroney had left government."

Question by Mr. Bernstein [the prosecutor]: "After he had ceased? After he had stepped down as Prime Minister?"

Answer by Mr. Schreiber: "Yes. Ja."

Mr. Mulroney again tried the old trick of taking answers out of context and not reading to you my complete answer. Again, he knew you didn't have the MBB transcript.

I have now given you the transcript of my evidence in MBB, and you can double-check for yourself. It's pages 59 to 61. My testimony about engaging Mr. Mulroney after he left office as Prime Minister related to our discussions about Archer Daniels Midland. He was a member of the board for Midland. This discussion had nothing to do with the Bear Head project at all.

My testimony about discussing the Bear Head project with Mr. Mulroney occurred before he left office as Prime Minister. I have always been consistent on this point. That was my testimony in the MBB case, that was my testimony here at the committee, and that was my testimony in my November 7 affidavit. And it would be the same if I were to do it today.

● (1615)

Mr. Mulroney tried to trick you about what my prior testimony was because he knew you didn't have the transcripts. Now that you have the transcripts, please check them yourself. Mr. Mulroney even tried this trick on Justice Cullity in Toronto in a court case where I sued Mr. Mulroney for the \$300,000.

Here is what Justice Cullity thought about Mr. Mulroney's attempt to trick him. I quote Justice Cullity at paragraph 45.

...I am not satisfied that the statements are sufficiently unequivocal and inconsistent with the allegations in Mr. Schreiber's affidavit to justify a decision to reject the letter out of hand.

...

It would be grossly unfair, and manifestly unjust, to Mr. Schreiber to rely on a strictly literal interpretation of answers to questions taken out of context from the transcript of his examination in a different matter in which the focus of everyone's intention was on other issues.

You can see the pattern and the repeated trick that Mr. Mulroney continued to try. He thinks he can fool you, experienced trial judges and the Canadian public. Rather than answer your questions, he interrupted you throughout the hearing on December 13. He ignored your questions because he couldn't wait to distract and mislead you with a prepared smoke-and-mirror show. That was his way of wasting hearing time and avoiding answering your important questions. It's obvious he came here with one goal: to avoid a public inquiry. The sparrows witnessed this in the meantime from the roofs of the buildings.

In October Mr. Mulroney announced that he wanted a full public inquiry. Then on December 13 he said, "Schreiber credibility destroyed, no need for inquiry".

Mr. Mulroney has tried to avoid an inquiry at all costs. Even recently he refused to cooperate with the committee. Why is he so afraid to answer your questions directly and truthfully? We'll tell you why. It is the same reason he met in Zurich on February 2, 1998, to express his concerns that the money he received could be tracked back to him. As I said in my affidavit, I responded to Mr. Mulroney that Fred Doucet asked me to transfer funds from GCI to Mr. Mulroney's lawyer in Geneva related to Airbus. Mr. Mulroney is frightened by the truth.

Mr. Mulroney neglected to tell you that my November 7 affidavit was filed in court and that he had the right to cross-examine me on it; he had the right to challenge me on it. He never even asked or tried to challenge me on it. If Mr. Mulroney really thought he could challenge my affidavit, he would have instructed his lawyers to cross-examine me on it in Toronto. They didn't even ask for a cross-examination.

My November 7 affidavit remains unchallenged and uncontradicted. My March 3 affidavit remains unchallenged and uncontradicted. I gave you all my many letters that I sent to Mr. Mulroney in recent years. I made very serious points in my letters. All of my letters are also unchallenged. Mr. Mulroney never once wrote back to challenge, deny, or contradict anything I said to him in my letters.

Mr. Mulroney spent a lot of time exploiting my testimony in the MBB case. Justice Bélanger was the judge in the MBB case, and here is what he said about my testimony: "Mr. Schreiber appeared to understand his obligation as a witness and the need to be truthful...". He did not follow the request of the prosecutor to call me a hostile witness.

•(1620)

I told you, I was a judge for nine years. I know exactly what I have to do, and I didn't want to commit perjury even by chance, even though I may have a problem once in a while with the language, because English is not my mother language. If you cannot understand that, I cannot help you. It's as simple as that.

On December 13, at the end of his appearance, Mr. Mulroney thanked you for your courtesy, then later accused each of you publicly of abusing him. During his testimony he promised to deliver documents to confirm his testimony. It has been over two months since his promises. You have followed up repeatedly. To date, he has delivered nothing to help you, and he broke his promises to you.

Let me now deal with Mr. Mulroney's lie about travelling internationally to sell armoured vehicles. It's simply common sense. There were no plans to even build. Without the plans, there were no vehicles to sell. More important is that there were export control laws in force at the time. You cannot just get on a plane and travel the world selling armoured vehicles. To do so would have been a violation of the export control laws. Of course, Mr. Mulroney's story about reporting to me in New York about all these international meetings to sell armoured vehicles was a complete fabrication. It didn't happen. And if he told me this nonsense in New York, I would have been forced to report him to the German and Canadian authorities.

I never asked him to do any work outside Canada. If he did go to these meetings without my knowledge, doesn't that mean he betrayed NATO by revealing military secrets to the communists? I have been in a war. I have been in the courts. I have been in communist countries. I know what I'm talking about.

Mr. Mulroney testified that I insisted on giving him cash. Mr. Mulroney was called to the bar of Quebec over 30 years ago. He has practised corporate law for decades. He knows the importance of properly documented business transactions. Why didn't he properly document this transaction and send me a receipt or an invoice? Now

he wants you to believe that I forced him to accept cash. He accepted the cash because he didn't want it traced.

The \$300,000 was trust money given to Mr. Mulroney. He stole it, because he didn't do any work for me. Mr. Mulroney was a member of the bar at the time. He knows you can't take money and keep it for yourself if you don't provide any services. There is no evidence of any services provided to this day, and I never even received a bill.

I have told you that I want this committee to succeed. I have delivered more documents to you. I have met with your representatives to help you. I want to help you get all your questions answered. Please let me help you further. I think this committee already has a place in Canadian history, because to my recollection, I've never heard that a committee like yours was forced to get a Speaker's warrant issued to stop the justice minister of its own government.

Thank you for your attention.

•(1625)

The Chair: Thank you, Mr. Schreiber.

There's one quick matter I would like to raise with you. It is related to a piece of correspondence the committee has received.

In Mr. Mulroney's testimony on December 13 of last year, he stated that you were at the Pierre Hotel to attend a dinner with the Honourable Allan MacEachen celebrating a North American-German experience of some sort. This was the weekend when you had the meeting in the Pierre Hotel with Mr. Doucet and Mr. Mulroney to have the final report and to give the final instalment of the money.

But the night before, according to Mr. Mulroney, you were with the Honourable Allan J. MacEachen, and the two of you were going to celebrate and participate in a wedding tribute to Elmer MacKay at noon at that hotel, the Pierre Hotel. Is that correct, sir?

Mr. Karlheinz Schreiber: Mr. Chairman, I can only guess that Mr. Mulroney is so in love with Mr. MacEachen and Mr. Marc Lalonde that he sees them always coming like ghosts or angels around him. None of them was there. He's coming up with all this nonsense about Marc Lalonde and Mr. MacEachen all the time because they're Liberals.

Mr. MacEachen is my friend. He had his constituency in Port Hawkesbury, where I was supposed to get jobs for him, and he was the chairman of the Atlantic Brick organization and he went from the Atlantic Brick organization. But Mr. MacEachen was not there.

The Chair: He was not there.

Mr. Schreiber, you should know that Mr. MacEachen has written to Mr. Mulroney in a letter dated January 30, 2008, in which he closes:

As they pertain to me those facts are incorrect. I was not in New York City to attend the North American-Germany experience of some kind on the occasion of which you spoke. I have never been in New York City at the same time as Karlheinz Schreiber. I did not have dinner with Karlheinz Schreiber in New York City. I have never stayed at or been in the Hotel Pierre in New York City.

Mr. Karlheinz Schreiber: Too bad. It would have been nice if he had been around.

The Chair: So Mr. MacEachen has asked Mr. Mulroney to correct his statement before this committee, and I hope that he will.

We'll move now to questions, and Mr. Murphy will begin for seven minutes.

Mr. Brian Murphy (Moncton—Riverview—Dieppe, Lib.): Thank you, Mr. Chair. Welcome back.

Mr. Schreiber, Mr. Luc Lavoie, Mr. Mulroney's very highly paid professional spokesperson, reiterated the figure of \$300,000 to the Canadian public when this matter broke. You have said under oath that the amount was \$300,000. I want to take you back to August 1993 and the meeting you had with Mr. Mulroney and the subsequent payment that took place of \$100,000 to Mr. Mulroney. That is your testimony, is it—that it was \$100,000?

• (1630)

Mr. Karlheinz Schreiber: Excuse me for one moment. You spoke about the meeting at Mirabel, or what was it? Was that your question?

Mr. Brian Murphy: Did you pay Mr. Mulroney \$100,000 instead of the \$75,000?

Mr. Karlheinz Schreiber: When?

Mr. Brian Murphy: That was in August of 1993.

Mr. Karlheinz Schreiber: In August, so that was at the Mirabel hotel. No. He got \$100,000.

Mr. Brian Murphy: Right, you paid him \$100,000. He said it was \$75,000. Can you explain why?

Mr. Karlheinz Schreiber: It must have disappeared out of his pockets; otherwise I cannot tell you. I brought him \$100,000, but you know, Baron von Münchhausen—

Mr. Brian Murphy: I'm aware of the legend. Can we get to the question?

Mr. Karlheinz Schreiber: It's the same initials, you know: BM. He's cuckoo.

Mr. Brian Murphy: Did Mr. Mulroney object to being paid in cash?

Mr. Karlheinz Schreiber: Yes. I had a gun in my hand, and I said, "You take this cash or you will never get another nickel from me".

Mr. Brian Murphy: Be serious, Mr. Schreiber.

Mr. Karlheinz Schreiber: It's nonsense.

Mr. Brian Murphy: So did he object to being paid in cash?

Mr. Karlheinz Schreiber: Not at all. There wasn't even a discussion.

You have to forgive me. I'm pretty mad today. You know that?

Mr. Brian Murphy: Don't get mad at me. I'm asking easy questions.

Mr. Karlheinz Schreiber: No, it's not at you.

Mr. Brian Murphy: Mr. Doucet has said that he did not set up or organize the meeting in June of 1993 at Harrington Lake. How did you get there?

Mr. Karlheinz Schreiber: In the meantime, I have my doubts whether I dreamed that I was picked up with a limousine and that

Fred Doucet organized the meeting. I didn't even know where Harrington Lake is and whatever could happen there.

Mr. Brian Murphy: Be specific. Did Mr. Fred Doucet set up the meeting at Harrington Lake?

Mr. Karlheinz Schreiber: Sure.

Mr. Brian Murphy: Okay.

Mr. Schreiber, for 1991 there is a series of entries in your daytimer.

Mr. Karlheinz Schreiber: May I interrupt you, sir, for a moment?

Mr. Brian Murphy: You can.

Mr. Karlheinz Schreiber: There is one question about the other meeting in Montreal that Mr. Doucet said he never had anything to do with. My wife by chance found a telephone slip, which was given to my secretary in 1993 from Mr. Doucet, on which he provided the telephone number, the address, and everything for Mr. Mulroney to meet with him. My secretary is still around. She lives here and knows the whole thing.

Mr. Brian Murphy: Do we have that document, Mr. Auger?

Mr. Karlheinz Schreiber: The document? Yes. Can you wait for one second?

Mr. Brian Murphy: Let's not do that. Let's just get the document and move on.

In 1991, if I could continue, Mr. Schreiber, your daytimer has a number of entries about work and meetings that were undertaken with Mr. Mulroney and a number of other people regarding a project known as Bear Head. Is that correct?

Mr. Karlheinz Schreiber: You say specifically in 1991, so....

Mr. Brian Murphy: There are many meetings outlined in your daytimer. I don't have time to go through them all.

Mr. Karlheinz Schreiber: Okay, you speak because you have my daytimer. Otherwise I would say from 1998 to...[*Inaudible—Editor*]...I had constant meetings with him on the project.

Mr. Brian Murphy: In 1991 there were a number of meetings, and I can get to them.

But were you aware that at this committee a very credible witness, Mr. Norman Spector, gave evidence that in December of 1990 he told the Prime Minister that the project would cost a certain amount of money, and the Prime Minister told Mr. Spector that the project was dead? Did you know that Mr. Mulroney had said that to Mr. Spector?

Mr. Karlheinz Schreiber: No.

Mr. Brian Murphy: Did Mr. Mulroney say it to you—

Mr. Karlheinz Schreiber: No.

Mr. Brian Murphy: —in the course of your meetings in 1991?

Mr. Karlheinz Schreiber: No.

Mr. Brian Murphy: Did he say it to anyone else, to your knowledge, besides Mr. Spector?

Mr. Karlheinz Schreiber: No, I've no idea. I learned it the first time when the letter of request went to Switzerland. I saw this, that Mr. Mulroney told somebody, the RCMP, that the project was cancelled. I couldn't believe it. I thought it might have been some kind of defence he used, and I forgot about it. It was completely out of my mind. In 1992 he attended meetings with Fred Doucet and Paul Tellier and me on the project, and nobody had the smallest clue.

If I had known in 1993 at Harrington Lake—I told you before, I was born ugly, not stupid—do you think I would have given him one nickel?

Mr. Brian Murphy: Why were all the meetings held in 1991 and 1992? Why would Mr. Mulroney continue to breathe life into a project that he said was dead unless it was for some gain? Can you answer that?

Mr. Karlheinz Schreiber: Well, the problem with the whole thing was a little bit earlier, in the year 1988. In 1988, just in front of the election, suddenly the whole thing got enormous speed. We had the agreement with Nova Scotia in 1987, and now 1988 was the agreement with the federal government. Nothing went forward until, I would guess, somewhere in October, close to the election.

Now suddenly everything became hectic. When Mr. Doucet finally showed up, everybody knew that when he entered a room Mr. Mulroney was with him, and he got that final signature, we got the invoices out, Thyssen paid \$2 million for that contract—for that signature, more or less—and they immediately sent all their bills, which were paid from my company—

• (1635)

Mr. Brian Murphy: Very briefly, Mr. Schreiber, very briefly, the money you gave Mr. Mulroney was to lobby the intended Kim Campbell government for the Bear Head project in Canada. Is that correct?

Mr. Karlheinz Schreiber: I have to be careful for a moment, because here we have a language problem. Support and lobbying and consulting: once in a while I mix those up.

The question is what he told me, what he offered me: Kim Campbell is going to have the next majority government, I will be in Montreal, in Montreal East, and I can be of great help finally then to get the project done.

Mr. Brian Murphy: Is that what you paid him for?

Mr. Karlheinz Schreiber: This is what I paid him for, and nothing else.

Mr. Brian Murphy: Thank you.

[Translation]

The Chair: It is your turn, Mr. Ménard.

[English]

Mr. Serge Ménard: Mr. Schreiber, English is also my second language, so we'll be on the same footing here.

Mr. Karlheinz Schreiber: Very kind of you, Mr. Ménard, very kind of you.

Mr. Serge Ménard: Mr. Schreiber, we understand that you don't like very much that right now the relations between you and Mr. Mulroney are really bad.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: However, I don't think the Canadian public can follow all the details you give us in this affidavit, in his letters, etc. Maybe you could do this in a royal commission, if we ever have one, but right now you have the advantage of being questioned by representatives of the people. We may be temporary representatives of the people, but it makes us much more sensitive to what the people think of this, and I don't think they want to have all the details you gave at first. So I'll ask you the questions that I think the people I meet all the time want to know, and to judge also who says the truth or who doesn't.

The first question I want to ask you is about the Airbus deal with Canada. Did you receive any advantage from that, any rewards or any monetary advantage?

Mr. Karlheinz Schreiber: From the Airbus deal?

Mr. Serge Ménard: From the Airbus deal.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: Okay. Are you ready to tell us how much money it represented? I remember it was an enormous deal, I think one of the biggest in Canadian history, and maybe the biggest commission too.

Mr. Karlheinz Schreiber: Mr. Ménard, it was not only that; it was how the deal started, with Wardair and Canadian—

Mr. Serge Ménard: Can you give us that in a general area?

Mr. Karlheinz Schreiber: No, no, sorry, it's all one part and all one agreement—Wardair, Canadian, and Air Canada. At the same time, I had a huge thing going in the United States with Northwest Orient.

So now, when you ask me about huge money, yes. To make it very simple for you to understand—

Mr. Serge Ménard: Can you give us a rough evaluation?

Mr. Karlheinz Schreiber: A couple of million.

Mr. Serge Ménard: Okay.

Mr. Karlheinz Schreiber: The point is this—

Mr. Serge Ménard: You also say—

Mr. Karlheinz Schreiber: —and understand this, please—

Mr. Serge Ménard: We have very little time. In a royal commission you'll have plenty of time to explain all of this.

I understand from your testimony today that it was Mr. Mulroney who asked you to give him some cash, right?

Mr. Karlheinz Schreiber: Well, no, he didn't ask me for cash. This was not the discussion. I came with the cash, but there was no discussion that he take it.

Mr. Serge Ménard: Okay. Anyway, you offered him some cash.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: And he accepted it?

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: Okay. Why did you offer him some cash while, when you did business with Mr. Lalonde and other lawyers, everything was done through bank transactions?

Mr. Karlheinz Schreiber: It's very simple, Mr. Ménard. The money was in the account—\$500,000 was left—and after the meeting with Mr. Mulroney in June, I immediately called the bank and made the arrangements. But his money was in term deposit, so it was ready for the end of July, and in August I brought it to him.

But in the other cases there was more time, and the money was transferred from an account in Switzerland to a company in Lichtenstein or Switzerland, and they sent it to Bitucan. You saw all these bills from Fred Doucet, for example. He sent bills to Bitucan in Calgary and to companies in Lichtenstein. So the story that I was always running around with a rucksack full of cash is pure nonsense too.

•(1640)

Mr. Serge Ménard: In that matter, how did you get one hundred \$1,000 bills?

Mr. Karlheinz Schreiber: From the bank.

Mr. Serge Ménard: You got it from the bank? You went to the bank?

Mr. Karlheinz Schreiber: Sure.

Mr. Serge Ménard: Now, if you went to the bank, why didn't you ask the bank to give you a bank draft in the name of Mr. Mulroney instead of having one hundred \$1,000 bills?

Mr. Karlheinz Schreiber: If I were to give you an answer to that, I would have to invent a story. I didn't even think about it.

Mr. Serge Ménard: I read your testimony before, and you seemed to be aware that Airbus was trying to sell in many countries—

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: —that do not have the same concern about the honesty of their leaders, and that there was a way for Airbus to bribe the political leaders of these countries, which was to give a commission—and with planes there are a lot of commissions—

Mr. Karlheinz Schreiber: Sure.

Mr. Serge Ménard: —and let the commissioners do the bribing. You seemed to be aware of that.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: You seemed to have been receiving the commissions.

Mr. Karlheinz Schreiber: No.

Mr. Serge Ménard: No? Okay.

But didn't you realize that by using cash and giving it in a brown envelope you were, for everybody who looks at this from outside, putting yourself exactly in the position of the person who is ready to carry the bribe to the political leader?

Mr. Karlheinz Schreiber: No.

Mr. Serge Ménard: You didn't realize that?

Mr. Karlheinz Schreiber: No, no. Let me tell you quite frankly why.

At the time I spoke with Mr. Mulroney...and keep in mind that I spoke with him only once at Harrington Lake. There was no meeting; there were some discussions in the meantime. I saw him then at Mirabel in August.

By the way, I went there in a limousine and rented a suite for myself. So in other words, Lufthansa always picked me up.

When I went there, I did not even know if it was his law firm, a new firm he was doing, whether it was private, or what the hell he wanted to do. For me it was very simple. And you may think it sounds naive, but I thought, okay, I'll give him the cash, and now let him decide what he wants to do: give me a bill, give me a receipt—

Mr. Serge Ménard: Where did you get this cash from?

Mr. Karlheinz Schreiber: From my account.

Mr. Serge Ménard: Vienna? Where? At the bank?

Mr. Karlheinz Schreiber: Sure.

Mr. Serge Ménard: A teller gave you.... Where?

Mr. Karlheinz Schreiber: In Zurich.

Mr. Serge Ménard: In Zurich.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: So you carried this to Canada.

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: And you crossed borders with this in your pocket?

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: Did you declare it?

Mr. Karlheinz Schreiber: No.

Mr. Serge Ménard: Isn't there a law that forces you to declare if you are carrying more than \$10,000?

Mr. Karlheinz Schreiber: Sir, I cannot recall that this was the law at that place, but if so, I have to tell you I overlooked it.

Mr. Serge Ménard: Did you go through the United States with this in your pocket?

Mr. Karlheinz Schreiber: Yes.

Mr. Serge Ménard: But I'm sure there is a law, and you risk having all the money seized if you carry more than \$10,000.

Mr. Karlheinz Schreiber: Yes. I would have said, sorry, I'll have to pay the fine or whatever it is.

Mr. Serge Ménard: And you never read a form that asked you to declare if you were carrying more than \$10,000?

Mr. Karlheinz Schreiber: No.

Mr. Serge Ménard: Okay.

Now, did you receive—

The Chair: Mr. Ménard, *je suis désolé*.

Mr. Comartin.

Mr. Joe Comartin (Windsor—Tecumseh, NDP): Let me pick it up from there, Mr. Schreiber. The denomination in the Montreal payment, again, was \$100,000 in denominations of \$1,000 bills?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: What currency?

Mr. Karlheinz Schreiber: Canadian.

Mr. Joe Comartin: So you're telling us that a bank in Geneva had—

Mr. Karlheinz Schreiber: In Zurich.

Mr. Joe Comartin: —I'm sorry, in Zurich—had Canadian \$1,000 bills, and it had at least 100 of them, according to your statement.

Mr. Karlheinz Schreiber: Yes, or more. For sure, more.

Mr. Joe Comartin: All right. Did you have to make a request in advance for that?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: They had it on deposit. You didn't have to make a special request?

Mr. Karlheinz Schreiber: No.

The problem was never there. The problem was here. When I came the first time with this \$1,000 bill and went to the bank, the manager didn't accept it. Mr. MacKay had to call whether the... Canada is a cuckoo country when the banks won't even accept a \$1,000 bill.

It's not a problem in Germany or in Switzerland. You have \$1,000 notes all over the place. And the Swiss give you these, because you are not running around with \$20 bills in a rucksack when you travel. They give you the biggest bills they have, which you have in small envelopes. It's nothing special at all.

•(1645)

Mr. Joe Comartin: All right. Each time you made the payments, you brought that money into the country from Zurich.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: And each time, according to what you told Mr. Ménard, you did not declare that as you crossed into Canadian territory.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: You did not?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: All right, I want to switch for a minute.

You had commenced this lawsuit against Mr. Mulroney, alleging in the lawsuit that he did not perform any service for the funds rendered to him.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: That lawsuit has been dismissed on the basis that the Province of Ontario does not have jurisdiction. Is that correct?

Mr. Karlheinz Schreiber: Yes. If I had started it in Quebec, he might have said I'd have to go to Ontario. Now I sue him in Quebec, so what's the difference?

Mr. Joe Comartin: Have you started the lawsuit in Quebec?

Mr. Karlheinz Schreiber: No.

Mr. Joe Comartin: Are you intending to?

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: When will that lawsuit be commenced?

Mr. Karlheinz Schreiber: During the next three to four weeks.

Mr. Joe Comartin: All right.

You're not appealing the decision in Ontario, dismissing it?

Mr. Karlheinz Schreiber: No. For me it's an advantage to go to Quebec, by the way. It's something to do with time limitations.

Mr. Joe Comartin: All right. I'm not going to get into the technicalities of it.

With regard to the lawsuit you did commence in Ontario, at any time—and I'm not sure you had the opportunity, Mr. Schreiber, but I'm asking—did you seek from Mr. Mulroney his tax records for the period of time when he would have received this money from you?

Mr. Karlheinz Schreiber: I would have asked him for what?

Mr. Joe Comartin: Did you ask him for his tax records?

Mr. Karlheinz Schreiber: No. That may come now.

Mr. Joe Comartin: I want to pursue this to this extent...and Mr. Auger, you may wish to advise him on this. It would be normal to make a request under the rules of procedure in Ontario in that type of lawsuit to seek that information from the opposite side, in writing—not necessarily in direct questioning, but in writing. What I'm asking is, did you do that in the Ontario lawsuit?

Mr. Karlheinz Schreiber: Mr. Auger reminds me right now this is a procedure you often do in defence, but he hasn't done a defence.

Mr. Joe Comartin: Okay. Did you ever receive any affidavit from...? I know I'm asking Mr. Auger rather than you, but I assume there was never an affidavit filed in response, because the request was never made.

Mr. Karlheinz Schreiber: From Mr. Mulroney?

Mr. Joe Comartin: Yes.

Mr. Karlheinz Schreiber: No, not from him.

Mr. Joe Comartin: Mr. Schreiber, we heard this as well from other people, that shortly after people left office there were funds transferred to Frank Moores, to the company, and to at least two other individuals. Did you follow the testimony those individuals gave when they were here?

Mr. Karlheinz Schreiber: Are you speaking now about Mr. Doucet?

Mr. Joe Comartin: Yes. He's one of them.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: On the information he gave us with regard to when those payments were received, we subsequently got additional information that he was a year off in his testimony. Do you recall whether it was paid in the first year that he said or in the second year, which—

Mr. Karlheinz Schreiber: It was in 1988. I have all the copies of the bills.

Mr. Joe Comartin: So the evidence that we got from him, by the paperwork you have, was incorrect.

Mr. Karlheinz Schreiber: Yes.

Mr. Joe Comartin: He did not receive those funds in 1989; he received them in 1988.

Mr. Karlheinz Schreiber: In 1988.

Mr. Joe Comartin: Okay.

Those are all the questions I have, Mr. Chair.

The Chair: Mr. Hiebert, please.

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

Mr. Schreiber, a number of witnesses have come before this committee since we last saw you. Some of those witnesses are people you actually recommended we hear from. One of those witnesses was Mr. Fred Doucet, somebody who I understand used to work with you.

•(1650)

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Now, you probably know that he has flatly contradicted a lot of the testimony you provided, declaring much of it false.

Mr. Karlheinz Schreiber: Sure.

Mr. Russ Hiebert: He also was able to provide us with some documentation that appears to contradict your testimony. Specifically, he provided us with a document that is apparently a description of the consulting agreement you had with Brian Mulroney. This is the same document that you filed in an affidavit in November of last year, and it is also the same document that you provided to this committee. So I presume you're familiar with the document.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Now he also states that your handwriting is on this document. Is your handwriting on this document?

Mr. Karlheinz Schreiber: It looks like it is my handwriting.

Mr. Russ Hiebert: Is it your handwriting?

Mr. Karlheinz Schreiber: I cannot say for sure on this paper.

Mr. Russ Hiebert: Do you recall having this meeting with Mr. Doucet?

Mr. Karlheinz Schreiber: Yes, and this is why it's all nonsense.

Mr. Russ Hiebert: So you had the meeting with Mr. Doucet.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Do you recall writing on this document?

Mr. Karlheinz Schreiber: No.

Mr. Russ Hiebert: You said it looks like your handwriting. Let's presume it is your handwriting. This document states that the fee paid for these services—and I will get to those in a minute—was \$250,000. The date on this document is February 4, 2000, which is long after the last payment you made to Mr. Mulroney, which you've said was December 8, 1994.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: So we have a document here that you saw, that you submitted to this committee and to a court, and you agree that it looks like it's your handwriting. It states that there's a \$250,000 payment, but you've been telling us that you paid Brian Mulroney \$300,000. There's a significant contradiction here. Perhaps you can—

Mr. Karlheinz Schreiber: No, no, excuse me, it's nonsense. First of all, I have seen only one document, which is this. Even if I had written on a piece of paper these two names—and I'll come to that in a minute—all the rest was done when I was not around.

The date is correct, February 4. All the rest was done by Fred Doucet. Not to make it too difficult for you here and take too much time, it's pure nonsense. Bayerische Bitumen-Chemie is the road construction company in Germany, which was sold in 2002, and—

Mr. Russ Hiebert: Mr. Schreiber, I have a number of questions.

Mr. Karlheinz Schreiber: —Bitucan Calgary was sold in 1999. It didn't even exist.

Mr. Russ Hiebert: Mr. Doucet acknowledged that he did not write everything on this document. He identified the stuff that you wrote.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: But you were present at the time with that writing on the page, were you not?

Mr. Karlheinz Schreiber: Well, if I had written this on this page, that would have been the only thing in handwriting on this page when I was around.

Mr. Russ Hiebert: Okay.

Mr. Karlheinz Schreiber: And as I told you, it's nonsense, because the company he's talking about here was sold in 1995. Can you tell me what I would do with that in February 2000?

Mr. Russ Hiebert: But you did see this document, you did write on it, and you did submit it to our committee as part of your affidavit to the Ontario Superior Court. So you must have some—

Mr. Karlheinz Schreiber: This one, no, no, no. This one, the empty one.

Mr. Russ Hiebert: Right, the blank one, I agree.

Let's talk about the contents of the version you submitted, the one without the handwriting. It states....

Actually, let's go back to a letter you wrote to our committee chair just a couple of weeks ago. I quote from the February 3 letter that you sent to our committee. It says, "I never hired Brian Mulroney to promote the TH495 Armoured Fighting Vehicle internationally." That's what you wrote, that you never hired Brian Mulroney to promote this vehicle internationally.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Yet the version of the document that you're familiar with and that you submitted states that the mandate of Mr. Mulroney includes, among other things, "travelling abroad to meet with government and private sector leaders to assist in opening new markets for our products..."

Mr. Karlheinz Schreiber: But this is nonsense.

Mr. Russ Hiebert: But I'm wanting to know the content—

Mr. Karlheinz Schreiber: He wanted me to sign this, and I didn't sign it. Don't you get that? Backbiting, stuff like this—am I out of my mind?

Mr. Russ Hiebert: Mr. Schreiber, it appears that in some context you have confidence in this document, so much that you're willing to submit it to the committee and to the Ontario court.

Mr. Karlheinz Schreiber: Yes, it was a Christmas meeting where I called him at his home—"I am not going to commit perjury; tell this to your friend." And then he came back with this funny document. Don't take it out of context.

The Chair: Order, order.

Just for the benefit of the translation booth, it's very difficult when two people are talking at the same time. So I ask for your indulgence, gentlemen.

• (1655)

Mr. Russ Hiebert: Okay. We'll keep it shorter.

Mr. Schreiber, an MP on this committee, Mr. Thibault, has openly admitted to meeting with you to discuss the information you have that might be helpful for our study. When and where did you first meet with Mr. Thibault?

Mr. Karlheinz Schreiber: Mr. Thibault?

Mr. David Tilson: He's the good-looking one.

Mr. Karlheinz Schreiber: On top of this, he's from Nova Scotia, yes.

I don't recall when it was. Quite a while ago.

Mr. Russ Hiebert: How long ago?

Mr. Karlheinz Schreiber: It must have been late summer or fall.

Mr. Russ Hiebert: Of 2007?

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Late summer or fall. Can you narrow it down?

Mr. Karlheinz Schreiber: It was before I was at the detention centre. That's the only thing....

Mr. Russ Hiebert: Are you saying August?

Mr. Karlheinz Schreiber: It could be.

Mr. Russ Hiebert: Okay. How many times have you met with him since that first meeting?

Mr. Brian Murphy: I have a point of order.

Mr. Karlheinz Schreiber: There was one other time, in my recollection.

Mr. Russ Hiebert: One other time.

The Chair: Order. The issue of relevance is here.

Mr. Murphy, on a point of order.

Mr. Brian Murphy: On a point of order, I just don't think that this line of questioning has anything to do with the Airbus settlement.

Mr. Hiebert is a lawyer. He knows there is no prompting a witness.

I don't want to sound like Mr. Tilson, but I'll just briefly finish my point of order—on two fronts. I hope you got them. Good. Thank you.

The Chair: Mr. Hiebert, I'm going to give you an opportunity to explain the relevance of your questions about the meetings between Mr. Thibault and Mr. Schreiber to our work. You have an opportunity. Please explain it to us.

Mr. David Tilson: On the same point of order, Mr. Chairman, when Mr. Rodriguez was questioning Mr. Mulroney, he asked the exact question of Mr. Mulroney, and you allowed those questions.

The Chair: I'm sorry, which question was that?

Mr. David Tilson: The questions about who he met with.

The Chair: Who Mr...?

Mr. David Tilson: My recollection is that Mr. Rodriguez asked questions of Mr. Mulroney as to which members of the committee he met with.

The Chair: I think that's on the wireless thing that you're referring to, and that was—

Mr. Dean Del Mastro (Peterborough, CPC): No, he asked if he had ever met with members of the government, and you allowed those questions.

The Chair: Okay. I don't think.... We have to make good time here.

Mr. Hiebert, please go ahead with your questions, and we'll see how this unfolds. You have about a minute and a half.

Mr. Russ Hiebert: Actually, I would like to restart the clock, so that I don't—

The Chair: No, we did stop it when we got into the point of order.

Mr. Russ Hiebert: Well, we'll have to do this very quickly.

So you've said you met with Mr. Thibault last August. You said you met with him a second time. Have you met with him more than twice?

Mr. Karlheinz Schreiber: No, not in my recollection. Number one, I don't know whether it was in August. I assume it was before I was in detention. It could have been earlier or later; I don't know.

Mr. Russ Hiebert: Late summer, early spring. Then you met with him more recently. Do you remember, more recently, when you met with him?

Mr. Karlheinz Schreiber: Yes. Look, why do we play this cat and mouse? It was in the paper that I met with Mr. Martin, so why don't you take—

Mr. Russ Hiebert: So you're saying you met with him twice. I'm taking that as twice.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: Did you provide any information to him that you have not provided to this committee?

Mr. Karlheinz Schreiber: No.

Mr. Russ Hiebert: Okay. Have you met with any other MPs on this committee?

Mr. Karlheinz Schreiber: No.

Mr. Russ Hiebert: No other person around this table have you ever met with?

Mr. Karlheinz Schreiber: No.

Mr. Russ Hiebert: Okay, what was the nature of the discussion you had with Mr. Thibault?

Mr. Karlheinz Schreiber: Well, it was very funny. We spoke about a lot of things, about what he's doing in Nova Scotia. He was the Minister of Fisheries, and he went with Allan Rock to the same fishing camp as Jim Irving, where I was, and stuff like this.

Then, of course, I asked him what is it with this committee. This is the first time I witnessed something like this, and I asked him about technicalities; for example, what about the Speaker's warrant, how does it work, things like that.

Mr. Russ Hiebert: Mr. Schreiber, the reason I'm asking these questions is that I want to understand that the committee has all the information that you've provided to Mr. Thibault, that we're not missing out on any information.

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

The Chair: That's fair enough.

Mr. Hubbard, please.

Hon. Charles Hubbard (Miramichi, Lib.): I'll be very quick.

We've had a number of people appear before the committee—Mr. Pelossi, Fred Doucet, Mr. Alford—and there's been a great deal of talk about Frank Moores. With his company, in terms of the Airbus sales, how much money did GCI get from the Airbus deal?

• (1700)

Mr. Karlheinz Schreiber: The point is that all the money that was paid from Airbus Industrie belonged to GCI.

Hon. Charles Hubbard: How much money?

Mr. Karlheinz Schreiber: All of it.

I'm sorry, I learn all the time. It was about \$20 million. I cannot identify this too much, because all my documents are with the authorities over there, and it was stuff from Thailand and from other countries. But take it as roughly \$20 million.

Hon. Charles Hubbard: Again, with Bear Head, another \$4 million was put into an account.

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: So we're up to at least \$24 million, maybe \$25 million.

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: We're concerned with the evidence Mr. Doucet gave, because I find here—and I guess it's public knowledge—a \$90,000 cheque from Bitucan, one of your companies, to Mr. Doucet when he may or may not have been in the Prime Minister's Office.

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: He did work for you.

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: Now, the \$300,000, you brought that into Canada illegally.

Mr. Karlheinz Schreiber: No.

Hon. Charles Hubbard: Did you bring other moneys into the country?

Mr. Karlheinz Schreiber: No, it was \$200,000, because the other one was the United States, sir. I apologize.

Hon. Charles Hubbard: Okay, it was into North America. So Mr. Mulroney had so much in the United States too. We'll have to look into that.

But in terms of other moneys that you brought into this country in cash, was it your habit to bring in \$100,000, \$300,000, \$500,000?

Mr. Karlheinz Schreiber: No, but when I was arrested the first time in 1999—you may have heard this—everybody made great fun about all I had in my travelling purse, which was the normal kit when you are a constant traveller. I hated to bring the money back in foreign currency and always pay the exchange rate. So I kept it all, and always I had at least around \$50,000 in my bag, and then in different currencies. Because when you travel in strange countries, once in a while you can work only with cash and nothing else, when you have an accident.

Hon. Charles Hubbard: Mr. Schreiber, we have trouble believing what you.... It sounds maybe like a half-credible story. But are you able to give this committee some documentation on where the \$4 million went, or where some of the other money went? Mr. Pelossi maintains he was ripped off by you because he didn't get his part of the commissions. He got only \$1 million.

Mr. Karlheinz Schreiber: Mr. Pelossi said, first of all, that I lie all the time, especially after I put the police after him and I sued the company. I brought his criminal record today—what all happened to him afterwards. I was amazed that I was such a truthful man until I—

Hon. Charles Hubbard: For an individual, Mr. Schreiber, with such impeccable work that you have these great documents—

Mr. Karlheinz Schreiber: Yes.

Hon. Charles Hubbard: —why can't you document to our committee where all this money went?

Mr. Karlheinz Schreiber: Sir, this is so simple. All the documents are bank documents and they are all in the possession of the RCMP and of the German authorities. So there is no secret about where the money went.

The point, what you don't understand, is very simple. All the money was GCI money. That's number one. Then it was split with the Europeans and the Canadians, because the Europeans wanted something from the cake, and this involved some politicians in France and in Germany.

Hon. Charles Hubbard: I'm running out of time, but we were told this afternoon that Mr. MacKay lost \$200,000 in one of your deals, with you.

Mr. Karlheinz Schreiber: No.

Hon. Charles Hubbard: Well, that's what he told us.

Mr. Karlheinz Schreiber: No, that's not what he said. He said he invested in a company in Seattle, and I did the same, and we both lost money there. It was not my company.

Hon. Charles Hubbard: No, but it was a deal that you had with him.

Mr. Karlheinz Schreiber: No.

Hon. Charles Hubbard: The two of you went in on a business arrangement—

Mr. Karlheinz Schreiber: No, he did the deal with a guy who was the big champion from Starbucks. You've got it wrong, sir, I apologize.

Hon. Charles Hubbard: You were not part of that same arrangement?

Mr. Karlheinz Schreiber: No, I was in the same position as he was. We both invested in that company.

Hon. Charles Hubbard: And you lost \$200,000 too?

Mr. Karlheinz Schreiber: Yes. The company was Pallino, and the name was Harry Roberts. He was the one who did Starbucks with Howard Schultz.

The Chair: Mr. Tilson, please.

Mr. David Tilson: Mr. Pratte, who is Mr. Mulroney's lawyer, wrote the committee a letter dated February 22. You may or may not have seen that, but I'm going to read you a couple of things from it and ask for your comments.

He says, referring to Mr. Doucet's evidence:

...Mr. Mulroney presented Mr. Schreiber with a detailed oral briefing when they met in New York on December 8, 1994, in the presence of Mr. Doucet (a fact which Mr. Doucet confirmed when he testified before the Ethics Committee recently).

Do you have any comment on that?

• (1705)

Mr. Karlheinz Schreiber: Yes. I heard it—I saw it—on television.

Mr. David Tilson: Yes.

Mr. Karlheinz Schreiber: I heard that he was sitting for one and a half hours at the table and didn't know it was Mr. Mulroney I was talking about. That is what he said.

Mr. David Tilson: Well, I guess the question is, sir, do you agree that Mr. Mulroney gave you an oral briefing at that meeting?

Mr. Karlheinz Schreiber: Nothing at all. He had diarrhea, and when he got the money, he took the paper, and Doucet looked out of the window. He grabbed it and went to the washroom. So this is what it was.

Mr. David Tilson: So you disagree with that.

Mr. Pratte also says in the letter:

On at least two occasions Mr. Schreiber wrote Mr. Mulroney highly complimentary letters regarding his services and talents, copies of which have already been provided to the Ethics Committee.

Do you know anything about that?

Mr. Karlheinz Schreiber: Are you speaking about the letter I sent him after he attended the funeral of Ronald Reagan?

Mr. David Tilson: Mr. Pratte says they're complimentary letters about what he's doing. Do you recall that? You don't recall that, or you do recall that?

Mr. Karlheinz Schreiber: Complimentary letters? Sir, you have to explain it to me. I really don't know what you're talking about.

Mr. David Tilson: I'm just reading Mr. Pratte's letter. I just want to know what your comments are.

Mr. Karlheinz Schreiber: But I don't know what it means.

Mr. David Tilson: You don't know what it means. All right, we'll go on to something else.

He then says, in the conclusion of his letter:

Mr. Giorgio Pelossi, Mr. Schreiber's former accountant and business partner, testifying at the committee's invitation, stated that Mr. Schreiber is "lying every time he tells you something. The only goal he has is to stay in Canada and not to be deported to Germany".

What about that?

Mr. Karlheinz Schreiber: I heard that. I told you, I haven't seen Mr. Pelossi since 1990, when the police were hunting him and when he was arrested and all that stuff. He was mad at me because he stole the money from my clients. So since then, I don't know where he gets his information about what I'm doing or saying, or what is right or wrong. How does he know?

Mr. David Tilson: In the conclusion of the letter—there are other sections, but I'll just refer to these few brief paragraphs—he says that for Mr. Jean Charest's leadership campaign, "he"—this is you, sir—

told your committee the amount involved was \$30,000. Then it was revealed he had told the authors of a book that the amount was \$13,000. And finally Premier Charest's brother, who had received the contribution, stated the amount involved was \$10,000.

Do you know what that's all about?

Mr. Karlheinz Schreiber: Yes. Number one, it was \$30,000 in the office from Elmer MacKay, and Robert Charest was with Revenue Canada at the time and came from time to time to me with important material on how I could save money with the project, from Revenue Canada. It was \$30,000. And two days later he went with me to see his brother, who was then the Minister of the Environment, in his office. So that is what it was. I never spoke to one of these authors, such as Stevie Cameron, not one word in my whole life. I don't know what you're talking about.

But I want to tell you what you should really know, or what might be of interest to you, from Mr. Doucet. When I was asked to put the money to the lawyer in Geneva and I refused to do so, I went to Frank Moores, and he said, "Look, this is the same source; we don't need him for that. You know that the money goes to Bruce Verchere." So now when this gentleman is asking me where the money went, I have certain ideas, and I'm pretty convinced that an inquiry will find that out, because this is what I'm asking for.

Mr. David Tilson: Mr. Chairman, I've finished.

[Translation]

The Chair: Mrs. Lavallée, please.

Mrs. Carole Lavallée: Did you do anything illegal, Mr. Schreiber?

[English]

Mr. Karlheinz Schreiber: What do you mean, whether I did anything illegal?

[Translation]

Mrs. Carole Lavallée: Your answer does not pass the smell test.

[English]

Mr. Karlheinz Schreiber: This is the obvious step for Mr. Ménard. When you say I brought money to Canada and I didn't declare it and I did it twice, and you look back and ask, was this illegal, I would have to say yes. Otherwise, no.

[Translation]

Mrs. Carole Lavallée: Otherwise, in your dealings with the Government of Canada, did you ever commit an illegal act?

[English]

Mr. Karlheinz Schreiber: No.

[Translation]

Mrs. Carole Lavallée: Everyone knows now that there is nothing illegal in paying in cash. It is also not illegal to give someone cash in brown envelopes, and it is not illegal to do so in high-end hotels where everything can be kept very quiet. It is not illegal. Nor is it illegal to give contracts or mandates that are not clear. The very least we can say is that the mandate is not clear, but we will come back to this. I do not have clarity about the amount of money: there have been three versions recently.

It is not illegal, but when we look at the accumulation of all these facts, when we add them up, we may suspect that you did commit some illegal acts in a way that is not very... I would not want to use a term that is not politically correct. Everything that happened leads me to say that this looks like illegal transactions.

I would like to show you the document that you were referring to earlier. This is the mandate that Fred Doucet wanted to negotiate with you. He says he negotiated on February 4, 2000. You say that is impossible, because the firms whose names appear on the document ceased to exist after 1995. Do you acknowledge nonetheless that this is your writing and that these were the names of the two companies? It is difficult to read. Do you acknowledge that this is your handwriting?

•(1710)

[English]

Mr. Karlheinz Schreiber: Yes. But I can tell you it makes no sense. In no way was this...and these companies have nothing to do with armoured cars, even if they were to exist. Why don't you read that here? It's pure nonsense. I don't know what you've fabricated here.

[Translation]

Mrs. Carole Lavallée: You are right, but there are so many things that are nonsense, Mr. Schreiber, in everything you have told us and in everything that the other witnesses have told us as well. This is just one more piece of nonsense.

[English]

Mr. Karlheinz Schreiber: Yes, I agree with you.

[Translation]

Mrs. Carole Lavallée: Is Bitucan not the company that paid \$90,000 to Fred Doucet, and from which we recently received a copy of the cheque and the invoice?

[English]

Mr. Karlheinz Schreiber: Yes.

[Translation]

Mrs. Carole Lavallée: Why give him the \$90,000?

[English]

Mr. Karlheinz Schreiber: Madam, in 1988. Do you know how many years this was away from that, what he did here? I don't know what this is. Is it a piece of paper from a mental clinic? Why the heck would I lie to you? What would this be good for? What would it say? It says nothing.

[Translation]

Mrs. Carole Lavallée: It might have some meaning to it. After the fact, in February 2000, when Brian Mulroney was doing his income tax return, he might have thought that he should justify the money he had received. He would have asked you to sign a document at that time. That would have made some sense.

[English]

Mr. Karlheinz Schreiber: This is speculating.

[Translation]

Mrs. Carole Lavallée: You would have agreed on the amount at that time. I do not know why you would have agreed on \$250,000—perhaps because it was half way between \$225,000 and \$300,000.

[English]

Mr. Karlheinz Schreiber: No.

[Translation]

Mrs. Carole Lavallée: Do you not agree that in this context, this document would make some sense?

[English]

Mr. Karlheinz Schreiber: Madam, I would love to satisfy you about Thyssen. I don't know what it is. I never saw this before I got it from this committee. I don't know what the \$250,000 is. You have no signature from me. I refuse to backdate—

[Translation]

Mrs. Carole Lavallée: But this is your handwriting.

[English]

Mr. Karlheinz Schreiber: Because I brought this empty sheet. Yes, it could be that it was an empty piece of paper. I don't even know why you would have asked me about Bayerische Bitumen-Chemie in Germany.

[Translation]

Mrs. Carole Lavallée: But this is your handwriting.

The Chair: Thank you.

[English]

Mr. Karlheinz Schreiber: This is Bayerische Bitumen-Chemie, yes.

[Translation]

The Chair: Thank you, Mrs. Lavallée.

[English]

Mr. Karlheinz Schreiber: I think it is my handwriting, yes.

The Chair: Thank you.

Mr. Del Mastro, *s'il vous plaît*.

Mr. Dean Del Mastro: Thank you, Mr. Chair.

Mr. Schreiber, you told CBC Radio One on November 2, and I'm going to quote you: "...I have documents and very important information placed at the safe places, so if something really would happen to me, then it would be all disclosed."

When you said "if something would happen to me", were you referring to being deported to Germany?

Mr. Karlheinz Schreiber: No. I had undercover agents who wanted to put me in criminal activities to get me in jail. I had kidnapping attempts in Canada and in Germany, where the prosecutors negotiated in a pizzeria and they couldn't agree on the price.

As to the journalist, what you are referring to was, "Don't you fear that you could get assassinated with what you are doing?" And I said, "Well, in that case, I have the most important things somewhere else." But this has nothing to do with Canada; it has something to do with Germany.

Mr. Dean Del Mastro: Okay. So far you've provided the committee with three binders full of information, largely sourced off the Internet. In fact, I've referred to it publicly as three binders full of junk mail.

• (1715)

Mr. Karlheinz Schreiber: It's up to you how you—

Mr. Dean Del Mastro: The very important documents you talked to the CBC about, are they of material importance to this committee?

Mr. Karlheinz Schreiber: No.

Mr. Dean Del Mastro: They are not relevant. Okay. You've already provided—

Mr. Karlheinz Schreiber: I learned very early it's a privilege of the ignorant to broadcast nonsense.

Mr. Dean Del Mastro: Good. I'll take that to.... I'll do something with that in the future, I'm sure.

Have you provided the committee with all the information you have relevant to the study that's at hand?

Mr. Karlheinz Schreiber: Yes. You may have noticed today that I said the account in Switzerland—and I noticed you guys haven't listened—was not for Beth Moores. It was for Bruce Verchere, and Bruce Verchere was a trustee for Mr. Mulroney. Are you with me? This is what it is, and the whole business in Ottawa was to get business done, get politics done, and make sure that when the business ended your friends participated and benefited from it. This is what it was, and it went from the government, two government, three governments, four governments, the Europeans involved, and the private collectors. This is what it was in Ottawa. And do you know what? Surprise, surprise, it was the same thing before this committee started.

Mr. Dean Del Mastro: Maybe you can help me. I'm curious about a question that was answered earlier. Who else attended the August meeting with you and Mr. Thibault?

Mr. Karlheinz Schreiber: Nobody.

Mr. Dean Del Mastro: Nobody. It was just the two of you.

Mr. Karlheinz Schreiber: Yes.

Mr. Dean Del Mastro: What precipitated that? Did you just think he was a good guy to call, or how did that come about?

Mr. Karlheinz Schreiber: I really have to think about how it happened. I think my lawyer in Toronto, Mr. Sennecke, was asked somehow by Mr. Thibault about any statements I had made, and my lawyer asked me whether I would agree to speak to Mr. Thibault. I said I would, whenever it would be possible.

Mr. Dean Del Mastro: Okay, so nobody else was there. Have you met with anybody else in any political parties?

Mr. Karlheinz Schreiber: Yes, a couple of very attractive waitresses.

Mr. Dean Del Mastro: A couple of very attractive waitresses.... oh, nice. Mr. Thibault apparently has fine taste in restaurants.

Let's see. If you weren't satisfied with the work that Mr. Mulroney was doing on your behalf—

Mr. Karlheinz Schreiber: Please—

Mr. Dean Del Mastro: If you weren't satisfied with the work that Mr. Mulroney was doing on your behalf—and we are to understand that in New York he gave you a progress report on what he had been doing—why did you continue paying him? Why did you give him the third instalment of the money if you weren't satisfied that he was doing anything for you?

Mr. Karlheinz Schreiber: At that time, at the beginning, I told you—I don't know whether I speak a language you don't understand—I had several reasons to help him. It was all about when I went to Harrington Lake he needed money, and I tried to find a way to give it to him, and this is what happened. If you would not do this for somebody who was involved in the reunification of your country and you thought you might participate with him, and you thought Kim Campbell would get the next government and we'd finally get the project done.... Instead of betraying a company like Thyssen in \$40 million to \$60 million.... We haven't spoken about this. Wait for the inquiry. What you are going to learn—you will be very surprised, I promise you.

The Chair: Thank you very much.

We'll go now to Mr. Martin, please.

Mr. Pat Martin: Thank you.

Good afternoon, Mr. Schreiber.

I wonder if you could clear up one thing you said. I think you misspoke when you said "my dinner with Mr. Martin". I think you meant Mr. Thibault. You and I have never had dinner together.

Mr. Karlheinz Schreiber: I cannot recall that I ever spoke about the dinner, but I learned from you in the paper that I called you all the time and you returned my calls. I don't know what that is all about.

Some hon. members: Oh, oh!

Mr. Pat Martin: Yes. For the record, I returned your call once, and you called me many times, so this is true. This is accurate.

Mr. Karlheinz Schreiber: No. The tape recorder was full. It was Christmas. There was no way to talk to you.

Mr. Pat Martin: This is true. My message box was full.

There are two elements to the Airbus case: the grease money up front and the illegal commissions on the back end. We have talked about the—

• (1720)

Mr. Karlheinz Schreiber: Hang on. What are illegal commissions?

Mr. Pat Martin: They're the commissions that were paid afterwards to GCI.

Mr. Karlheinz Schreiber: Excuse me. Every insurance company around the world—atomic commission in Canada—everybody takes a commission. Say “commission”, but don't say “illegal commission”.

Mr. Pat Martin: We're going to run out of time so quickly here. Let's talk about Bruce Verchere.

Mr. Karlheinz Schreiber: Let's meet again.

Mr. Pat Martin: That's the most interesting thing you've said today.

Fred Doucet. At one point I believe, through you, there were arrangements to send Brian's share to a lawyer in Geneva. That's what we were working on. Mr. Mulroney, of course, denies that he ever had a lawyer in Geneva or a representative there. But now you're saying the money possibly—I don't know if you know this for a fact—went to Bruce Verchere, a former Stikeman Elliott Lawyer, who left Stikeman Elliott and set up his own competing law and tax consulting practice in Montreal.

Mr. Karlheinz Schreiber: I think it's Bennett Jones Verchere.

Mr. Pat Martin: Yes. What relationship, in your understanding, did he have with Mr. Mulroney? What did he handle for Mr. Mulroney?

Mr. Karlheinz Schreiber: No, it came from Frank Moores. When I went to him, as I told you, and told him about a request from Fred Doucet, he thought we didn't need Fred Doucet.

Mr. Pat Martin: Yes.

Mr. Karlheinz Schreiber: When he spoke about Geneva, that was the territory of Bruce Verchere. I dealt with him all the time, though we didn't need—

Mr. Pat Martin: Is it your understanding that Bruce Verchere was somehow going to get Brian Mulroney's share and hold it for him? Is that what you're telling me?

Mr. Karlheinz Schreiber: I don't know. There was so much money sent. There was money that was officially dealt with, and then there was about \$5 million that was sitting there from the Canadian side that went to a numbered account, so what do I know? Mr. Verchere was with the same Swiss bank, as a member of the board.

Mr. Pat Martin: What was Mr. Verchere's relationship to Brian Mulroney?

Mr. Karlheinz Schreiber: I knew only that he was his chartered accountant, lawyer, or something. At least that was what Frank Moores told me. But I knew from Frank that Verchere was looking after the interests of Brian Mulroney.

Mr. Pat Martin: That was what Frank Moores told you—that Verchere was looking after Brian Mulroney?

Mr. Karlheinz Schreiber: Yes. And he said that he—Frank Moores—was dealing with Verchere. I told you the story: that when the whole thing was over, Mulroney would work with GCI. That's what it was all about.

Mr. Pat Martin: Mr. Verchere unfortunately committed suicide and can't help us with—

Mr. Karlheinz Schreiber: Yes. That was one day after I met with Mr. Mulroney in Mirabel.

Mr. Pat Martin: We need to know the whole story. Everyone is asking you if there's anything else you haven't told us. Some of us believe that the Government of Canada or the Department of Justice should cut a deal with you and let you stay in Canada if you finally tell us everything you know.

Has the RCMP or the Department of Justice come to you with such an offer? Is such a negotiation under way currently?

Mr. Karlheinz Schreiber: No. And I want you to know, Mr. Martin and every Canadian who is listening—especially you—I am very grateful to this committee, because without you I would have been out of the country.

Mr. Pat Martin: Then why do you ration your information to us in these little kernels? It's like pulling teeth trying to get the story out of you, Mr. Schreiber.

Mr. Karlheinz Schreiber: Sir, there are certain points. You said it yourself—what this committee can do or cannot do. Everybody here from the lawyers will agree with me. Everybody knows that an inquiry is a different ball game, and I asked for it.

But I'll tell you what I wanted—

Mr. Pat Martin: We shouldn't have to fight for information like we are, Mr. Schreiber. You are rationing out information to us in tidbits, just enough to keep our appetites whetted. That's what I believe.

Mr. Karlheinz Schreiber: No. I didn't even ask you for something else. I wanted an inquiry and I've asked for one for years, or I wanted to have it in a courtroom. I wanted to have the right under the treaty with Germany—what the Germans have. The treaty says the parties are not obliged or bound to extradite a national, so why do they want me out of the country?

Mr. Pat Martin: I don't disagree with you, Mr. Schreiber.

Mr. Karlheinz Schreiber: Why don't they prosecute me here? That would be wonderful.

Mr. Pat Martin: I don't disagree with you, but why don't you tell us more stuff?

Mr. Karlheinz Schreiber: Oh, I'm prepared to do that.

Mr. Pat Martin: When?

Mr. Karlheinz Schreiber: When the inquiry is on.

The Chair: I need to move now to Mr. Murphy, please.

Mr. Brian Murphy: Mr. Schreiber, you and I have never talked by phone or had any meals of any sort together. Is that correct?

Mr. Karlheinz Schreiber: Yes, that's a disadvantage you have, in my opinion.

Mr. Brian Murphy: Mr. Doucet left the Prime Minister's office in August 1988. He billed you \$90,000 for services in November 1988, and you paid him \$90,000 in 1988. Unfortunately, Mr. Doucet did not give that answer under oath, live. He provided a document after the fact. So it's left for us to ask you what that \$90,000 was for.

• (1725)

Mr. Karlheinz Schreiber: It was that service in 1989. It was service in 1988. I said this earlier in front of the election. And he made sure that Perrin Beatty would put his signature on the document we needed for the second \$2 million from Thyssen.

Mr. Brian Murphy: Did anybody else get commission cheques like that, or retainer cheques like that? Did GCI get cheques like that?

Mr. Karlheinz Schreiber: The others, yes. There is \$250,000 in Gary Ouellet and Gerald Doucet and Frank Moores. Everybody from the shareholders sent a bill. First I was confused because Fred Doucet was not a shareholder from GCI.

Mr. Brian Murphy: Did Fred Doucet's \$90,000 have something to do with Bear Head?

Mr. Karlheinz Schreiber: Sure.

Mr. Brian Murphy: Okay.

On Bear Head itself, we've talked about Bear Head, and we've talked about the bare behind and the bare middle. Now let's get to the heart of the matter.

What was Bear Head worth in revenue to Thyssen?

Mr. Karlheinz Schreiber: What do you mean by "worth in revenue"?

Mr. Brian Murphy: What was the potential worth of that project to Thyssen in revenue?

Mr. Karlheinz Schreiber: Do you mean if the project had gone ahead?

Mr. Brian Murphy: Yes.

Mr. Karlheinz Schreiber: It would have been a question of roughly \$300 billion.

Mr. Brian Murphy: A \$300 billion—

Mr. Karlheinz Schreiber: Yes.

Mr. Brian Murphy: —project, or sales revenue for Thyssen?

Mr. Karlheinz Schreiber: Sales.

Mr. Brian Murphy: How much of a commission would have been owed to those who were effective in getting it established?

Mr. Karlheinz Schreiber: I don't know exactly, but I have an agreement on that. I think it's about 2% or 3%. If you were to speak about a couple of billions Mr. Mulroney messed up with me, that's correct.

Mr. Brian Murphy: What do you think the commissions were potentially worth for a successful building and opening of a Bear Head project?

Mr. Karlheinz Schreiber: No, no, no, I would have been involved in the sales worldwide as the chairman of the company. I mean, everybody knows about my connections around the world.

Mr. Brian Murphy: Yes. I don't mean sales commissions. I mean the commissions to the persons who were responsible for getting the project built—those types of commissions.

Mr. Karlheinz Schreiber: This was my agreement. There was no agreement with them.

Mr. Brian Murphy: Would there have been commissions paid to people who might be responsible for getting Bear Head built?

Mr. Karlheinz Schreiber: You mean success fees. Yes.

Mr. Brian Murphy: Yes. I'm sorry, so sorry—success fees. How much?

Mr. Karlheinz Schreiber: You saw it there. This was already at \$710,000 out of \$4 million that Thyssen paid.

Mr. Brian Murphy: No, no. If the project had gone ahead and been built, would there have been success fees?

Mr. Karlheinz Schreiber: No, this is pure speculation. When these agreements were done and everything was done, there was nothing more to do.

Mr. Brian Murphy: All right.

Mr. Mulroney says he didn't discuss money with you at Harrington Lake. How did you know, then, to bring \$100,000 in cash with you to Mirabel?

Mr. Karlheinz Schreiber: Oh no, this is again this confusion about what happened at Harrington Lake. I'll try one more time.

He told me the story with Kim Campbell and what he could do. We agreed that when he is no longer in office—when he is in Montreal—we are going to work together.

I knew that he needed money and I wanted to do the deal with him. When I left Harrington Lake a few days later, I called the bank and I asked in the meantime to get me the documents—

Mr. Brian Murphy: I'm not asking what you did a few years later, a few weeks later, or a few days later; I'm asking you if you talked about money at all with Mr. Mulroney at Harrington Lake in August of 1993.

Mr. Karlheinz Schreiber: Only in the respect that when I hired him, I would pay him. I mean, he wouldn't be the guy who works for free when he is in miserable conditions money-wise.

Mr. Brian Murphy: We talked about Mr. Verchere.

It's my last question, Mr. Chairman. Thank you.

Did you ever discuss with Mr. Verchere anything about Swiss bank accounts—setting them up, how to deal with them?

Mr. Karlheinz Schreiber: With whom?

Mr. Brian Murphy: Mr. Bruce Verchere.

Mr. Karlheinz Schreiber: I did not speak to him. It was a friend of Frank Moores.

Mr. Brian Murphy: You said in a response.... Thank you very much.

The Chair: Thank you. We'll come back to the committee here.

Mr. Van Kesteren is next, please.

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

I'm going to tell what part of the problem is. When we hear these stories and when we get these details going back and forth, your eyes glaze over—not yours, mine—and I think a lot of people's do too. We just can't put a thumb on it.

One of the areas that really trouble me is the testimony on what took place in the Pierre Hotel. Help me along with this for just a minute.

Mr. Schreiber, Mr. Mulroney testified here in December that not only did he do some international lobbying for you, but he also gave you a progress report at that hotel. He told us that he lobbied for you in Russia, China, and France.

Mr. Karlheinz Schreiber: Yes.

Mr. Dave Van Kesteren: Mr. Doucet told us the same thing. As a matter of fact, he was at that meeting as well.

• (1730)

Mr. Karlheinz Schreiber: Well, if they stay with this, I may even think today about going to the RCMP and to the Germans and telling them what they did. It's nonsense.

Mr. Dave Van Kesteren: He remembers talking about the vehicles, and Mr. Mulroney was lobbying in support of that.

Mr. Karlheinz Schreiber: Not at all.

Mr. Dave Van Kesteren: Well, you testified that you handed over a payment to Mr. Mulroney at the—

Mr. Karlheinz Schreiber: Yes.

Mr. Dave Van Kesteren: Okay. If you weren't satisfied with Mr. Mulroney's work and you weren't satisfied with the progress report, why did you hand over the third payment?

Mr. Karlheinz Schreiber: This has nothing to do with this. Because I told you, when Kim Campbell did not win the election... What you say now would already apply to the payment at the Queen Elizabeth. It was over with for Mrs. Campbell. But he needed help. It was the beginning, and I thought I might use him in the future.

When we were in New York, I don't even know when the pasta stuff came up. It might have been the first time, as Elmer MacKay said to him, "By the way, why are you bothering us with this?"

You heard from Elmer MacKay today—and everybody knows what an honest man he is—that this was not an invitation to a wedding party with Mr. and Mrs. MacKay. What are you really talking about?

This is why I say that when you have an inquiry, we'll have the lawyers there, you'll have proper cross-examinations, and I promise you, you will hear wonderful stories. And I will be very happy to sit there, I can tell you that.

Mr. Dave Van Kesteren: Mr. Mulroney and Mr. Doucet both said that you were delighted with the progress report. So were they lying about it?

Mr. Karlheinz Schreiber: The what?

Mr. Dave Van Kesteren: They both said that you were delighted with the progress report.

Mr. Karlheinz Schreiber: He lied. I never got the report from him.

Mr. Dave Van Kesteren: If he didn't receive his full fee, if it was just....

Well, let me ask you this. Would you acknowledge that he did some work for you, if you paid him that payment?

Mr. Karlheinz Schreiber: No.

Mr. Dave Van Kesteren: He did no work for you.

Mr. Karlheinz Schreiber: No. I knew nothing about him, because Kim Campbell didn't appear and the other stuff.

Look, I don't want to be impolite. You know that I'm a little bit impatient today, but it is an insult when you say that you can sell NATO equipment to communist countries. Even you should get this in your head. Why are you torturing me with such nonsense? I cannot believe that you believe what you say.

Mr. Dave Van Kesteren: Forgive me, I may be just a little confused, but—

Mr. Karlheinz Schreiber: No, I cannot forgive you. This goes too far for me.

Mr. Dave Van Kesteren: I think we have a little confusion all around this table. You're saying that there was no work done.

Mr. Karlheinz Schreiber: Not at all.

Mr. Dave Van Kesteren: There was none at all.

Mr. Karlheinz Schreiber: He didn't even polish my shoes or hold my umbrella.

Mr. Dave Van Kesteren: Mr. Chair, I'm going to hand this over to my colleague.

The Chair: Go ahead, Mr. Wallace.

Mr. Mike Wallace: Mr. Schreiber, you just mentioned a few moments ago that Mr. MacKay is an honest man.

Mr. Karlheinz Schreiber: Yes.

Mr. Mike Wallace: I interviewed him today as a witness, and he called you a friend. Would you consider him a friend?

Mr. Karlheinz Schreiber: Oh yes. I would walk a long, long way for Mr. MacKay.

Mr. Mike Wallace: My question, then, to you today, sir, is this. When you were here before, we questioned you about the letter you sent to Mr. Mulroney.

Mr. Karlheinz Schreiber: Yes.

Mr. Mike Wallace: Mr. MacKay said to us today that he provided you with some highlights and that you added to the letter, and then you signed it. But in your previous testimony, you said that Mr. MacKay sent you the complete letter and you signed it, and that you'd "sign anything".

Mr. Karlheinz Schreiber: No, no—

Mr. Mike Wallace: You said that in the last testimony, Mr. Schreiber.

Mr. Karlheinz Schreiber: It's pure invention.

Mr. Mike Wallace: So was Mr. MacKay lying today, or were you telling us the wrong information last time?

Mr. Karlheinz Schreiber: You don't know what you're talking about. That's the problem. He sent me a draft in an e-mail, which you have—

Mr. Mike Wallace: Right.

Mr. Karlheinz Schreiber: —and from that e-mail, I wrote my letter. So what are you talking about?

Mr. Mike Wallace: That is not what you told this committee the first time you were present here. You told this committee that he had sent you the letter and that you signed it. I'll show it to you; it's in the blues.

The Chair: Order.

We'll go to Mr. Thibault on a point of order.

Hon. Robert Thibault: I think it might be worthwhile.... I've known Mike for a long time, and I know that he wouldn't want to mislead. But it might be worthwhile to refresh his memory and look at the testimony, because I think the testimony was that the draft letter was changed.

The Chair: Mr. Wallace, the time slot is complete.

The committee is going to be going in camera to deal with a couple of matters. I mentioned it at the beginning of the meeting. I gather that it might take a little while to clear this room.

Mr. Russ Hiebert: Mr. Chair, respectfully, in previous meetings you have given additional time to your party and to the opposition parties to ask additional questions. We've given that freely. We have some additional questions, and I think it's just fair that you provide us an opportunity to ask those questions.

The Chair: Fair enough. I'm sorry, I understood that we would just go the two rounds. I'll look for a consensus here, but if something else has come up, and it's relevant and vital, I think we might go for one more question around the table, if they want it.

Would that be okay?

•(1735)

Mr. Russ Hiebert: Even if they don't want it, we do have some additional questions.

I note that with Mr. MacKay, two parties had the chance to ask some additional questions, so perhaps they could share the courtesy.

The Chair: I'm sorry.

I think there's an interest. I'm looking around, and I see that the members would like to ask a couple of more questions. I'm going to give a couple of questions to each party, and that should give us time to deal with the in camera business that we wanted to deal with.

Why don't I just go around the table, and I'm going to go to Mr. Hubbard first.

Hon. Charles Hubbard: When Mr. Pelossi was visiting us by teleconference, he talked about directions he got from you. It always appeared that you would say to put money in this account, put money in that account, the Devon account, the Britan account, and he never took it out. He always said you were the one who disposed of the money.

Did this actually happen, first of all; and secondly, do you have any records of who you gave that money to, those two accounts?

Mr. Karlheinz Schreiber: Number one, Mr. Pelossi was with IAL, which was not my company. I recommended Mr. Pelossi to Mr. Moores and GCI, and he represented them when he signed the

agreements, because Frank Moores had a connection to Brian Mulroney, who was the route to go to obtain contracts, not Karlheinz Schreiber. This is nonsense.

The second thing is, when the money came, Frank Moores, at the beginning, took Mr. Pelossi with him to the bank when he opened two accounts. I would not have needed Mr. Pelossi to open a bank account, and I would not have recommended him even to be around, but Moores wanted him to be there because Mr. Pelossi normally would have been the one who would have transferred the money to where I told him, from the orders I would have gotten.

But then, sir—and this is where the confusion starts—he stole the money. He stole \$1.3 million from my clients, and I had a terrible situation in which I had to say, look, I recommended the guy, and he stole the money. You will agree with me that people would say, is that true, or is he part of this, or is he stupid to recommend a guy like this? I had to sue him. I had to put the prosecutors on him.

Hon. Charles Hubbard: I'm really short of time. Was one of those accounts specifically for Brian Mulroney?

Mr. Karlheinz Schreiber: Not to my recollection.

The Chair: Thank you very much.

We're going to move to Mr. Hiebert, please.

Mr. Russ Hiebert: Mr. Schreiber, we've heard from Mr. Alford before this committee, and he testified that he was completely unaware of Mr. Mulroney doing any work with you or with Thyssen.

We've heard from Mr. Mulroney about his international efforts. I'm wondering why would it be that Mr. Alford, who worked closely with you presumably, was not aware that somebody as high-profile as Mr. Mulroney was working with you. Can you explain how he would not have known?

Mr. Karlheinz Schreiber: Yes. I can explain this to you very easily. I will try one more time.

Mr. Mulroney did nothing, because it was in June and the election was on, and his dream that Kim Campbell would win an election and he could be helpful to build the plant in Montreal could not happen. How could he go to a Liberal government and say we want a plant there? This is nonsense, and the international stuff is crap.

Mr. Russ Hiebert: I'm asking specifically about Mr. Alford. So you never talked to Mr. Alford about Mr. Mulroney working with you on this project? Yes or no?

Mr. Karlheinz Schreiber: 1993. I left in 1994....

Mr. Russ Hiebert: I'm just wondering about the amount of communication with your team.

Mr. Karlheinz Schreiber: No, I know. No, no, no.

Mr. Russ Hiebert: Okay.

I have one other question. Mr. Schreiber, you've said before this committee that it was Mr. Moores who first introduced you to Mr. Mulrone, yet in your affidavit—

Mr. Karlheinz Schreiber: No. I haven't said that.

Mr. Russ Hiebert: We have a bit of a contradiction there. At one point you said it was Walter Wolf who introduced you to Mr. Mulrone.

Mr. Karlheinz Schreiber: Yes.

Mr. Russ Hiebert: And at another point you said it was Frank Moores who introduced you to Mr. Mulrone. Which one is it?

Mr. Karlheinz Schreiber: Very simple. They were both together. Walter Wolf called me to Frank Moores, and Frank Moores and Wolf went with me and introduced me to Mulrone at the Ritz Carlton.

Mr. Russ Hiebert: Fair enough.

Mr. Chair, I'll share the balance of my time with my colleague.

• (1740)

Mr. Dean Del Mastro: Thank you.

Mr. Schreiber, a number of witnesses we've heard testimony from, some of whom you know quite well, have suggested—and I'm going to put this delicately—that you're sometimes less than truthful. In answering questions I asked of Mr. Pelossi, your former employee, he was quite emphatic about that. Mr. Doucet in fact indicated that some of the things you said are “completely false”. Mr. Lavoie indicated strongly that he believes you're often less than truthful. Mr. Mulrone also disputes your version of reality. In addition, you've indicated to us directly in your earlier testimony that you'd sign anything to avoid extradition. Your handwriting on the agreement with Brian Mulrone contradicts your testimony that you paid Mr. Mulrone \$300,000.

I also note that we've asked every witness who has come before us whether they have any evidence of any wrongdoing by any public official regarding Bear Head, Airbus, the PCO correspondence unit, or a consulting agreement between you and Mr. Mulrone, and not a single witness could produce any evidence.

I'm going to add to all this the most relevant matter of all, which is that despite the allegations you've raised, specifically of Fred Doucet asking for a kickback for the former Prime Minister, and that you gave him \$300,000 and he performed no work, you haven't provided this committee with a shred of evidence to back this up.

The Chair: Mr. Del Mastro—

Mr. Dean Del Mastro: Hold on, I'm getting to the question.

The Chair: You're in the middle of a speech now and—

Mr. Dean Del Mastro: In fact, I'm getting to the question. This is critically important.

The Chair: [*Inaudible—Editor*]

Mr. Dean Del Mastro: Yes, and I still have time.

The Chair: Please finish.

Mr. Dean Del Mastro: Mr. Schreiber, today is your last scheduled appearance before the committee. I'm going to ask you one last time, do you have any evidence to offer this committee of any wrongdoing

by any public official regarding the Bear Head proposal, the Airbus purchase by Air Canada, the handling of correspondence by the Privy Council Office, or the consulting agreement you've had with Mr. Mulrone?

The Chair: I think he understands the question.

Mr. Schreiber.

Mr. Karlheinz Schreiber: I'm lost, number one, but Mr. Chairman, allow me to say something to him.

The Chair: Order. We're going to let him answer.

Mr. Karlheinz Schreiber: Number one, here is the criminal record of Mr. Pelossi. He was convicted—

Mr. Dean Del Mastro: Mr. Chair, with respect, this has nothing to do with the question.

The Chair: Excuse me, the witness is answering a question.

Mr. Karlheinz Schreiber: —for false accusations. This is a report from the RCMP, and here you can see the rest.

I don't care what Mr. Pelossi said or hasn't said. I leave it with you, and probably with an inquiry, when everybody has to answer under oath and probably be cross-examined.

The Chair: There we go.

Thank you.

[*Translation*]

You have the floor, Mrs. Lavallée.

Mrs. Carole Lavallée: Thank you very much. I will be sharing my time with Mr. Ménard.

We can see that you made a great deal of money with the Conservatives, Mr. Schreiber. In 1988, you got a 1.8-billion-dollar contract for your client, Airbus. You received a commission of 2%, or approximately \$20 million U.S. The figure \$36 million has been mentioned, but let us agree that it was just \$20 million. In 1987-1988, your company, IAL was paid \$3.9 million Canadian by Thyssen, for a contract for the building of a light armoured vehicle plant in Nova Scotia. In June 1986, the Canadian Coast Guard purchased helicopters at a cost of some \$26 million. IAL, the company you controlled, got \$888,000 for this, and GCI got \$350,000. Let us round that off to about a million dollars. You and your company received about or perhaps a minimum of \$25 million in commissions thanks to your friend, or rather your former friend, the former Conservative prime minister, Brian Mulrone. You received all this in less than four years.

You made secret cash payments in the amount of \$300,000 to Brian Mulrone in various hotels. The amount, the mandatary and the mandates are not clear. The story is full of incongruities. All the witnesses we have heard from highlighted the incongruities, the inconsistencies, the major contradictions and a few tricks along the way.

How can we not think that the \$300,000 you paid to Brian Mulroney was not part of the \$25 million in commissions you received yourself?

[English]

Mr. Karlheinz Schreiber: Madame, I will go back and try one more time.

You know, when we met the first time, we spoke about the \$300,000...but I would give one to you. I've told you now many times, number one, the commissions were not for me; it was all money to GCI. Can you accept that? Number two, the IAL company is not my company. This will all come out in an inquiry.

Then I had to look after the money because Pelossi couldn't do the job anymore, since he stole the money. Unfortunately, he was in jail when the first money came from MBB, and I gave my private account to IAL so they could transfer the money, because my friends in Canada wanted some money, but Pelossi was in jail.

This Carla Del Ponte is a tough cookie, as you know. You cannot go there...and they wouldn't let Pelossi out. That's number one.

Number two, regarding Frank Moores, on the one hand—and you saw this—I came here once at the beginning, and I said to you it was a Christmas gift, because nobody had seen it. It was always denied that Frank Moores had anything to do with Airbus. You saw the letter from Frank Moores to Franz Josef Strauss, the chairman, and you saw it from the chairman to Frank Moores. You saw the same thing with Thyssen, and you have in your hands the stuff from MBB where it says “commissions GCI”.

I can tell you something. I would love to send you—even privately if you want—a nice document. Do you know how much in consulting fees I made between 1989 and 1994? It was twenty-three million in Germany, and I paid the tax on it. That proves I'm pretty good.

• (1745)

The Chair: Thank you very much.

Mr. Martin, please.

[Translation]

Mrs. Carole Lavallée: Mr. Ménard...

[English]

The Chair: It's been four minutes already. That's a whole round.

Mr. Martin, please.

Mr. Pat Martin: This is our last opportunity to speak, probably, Mr. Schreiber. I don't anticipate that on the committee....

I'm sorry?

Mr. Karlheinz Schreiber: I'll look for you in Winnipeg.

Mr. Pat Martin: Okay, you can look me up in Winnipeg. That would be nice.

Some hon. members: Oh, oh!

Mr. Pat Martin: We're still wrestling with this.

Will you say, yes or no, that there was any political interference associated with the purchase of the Airbus airplanes?

Mr. Karlheinz Schreiber: Absolutely.

Mr. Pat Martin: That's helpful. I appreciate that kind of clarity of answer.

So some public office holders had to be encouraged, if you will.

Brian Mulroney claims he had absolutely nothing to do with the choice of Airbus for Air Canada, yet he fired 13 out of the 15 members of the board of directors and planted 13 Conservatives in there, one of whom was Frank Moores. Do you think that was done to set up the purchase of Airbus?

Mr. Karlheinz Schreiber: He left, and then came Peter Bawden, and that was really a mess, because he was after me all the time. But that's something else.

Political interference. Mr. Martin, I'll try once more to tell you. It was more complicated than you think. How the whole thing was done was very, very clever. The Europeans were fighting. All of the European countries involved would have done everything. And I was determined down to my bones to please the chairman, my friend, and help the Europeans survive this one aircraft industry.

You have to get this dimension when you want to understand why the foreign minister went to Canada when the Max Ward deal was on. Do you know that Max Ward gets domestic flying rights?

Mr. Pat Martin: Yes, you told me that.

Mr. Karlheinz Schreiber: That's as a thank you for all that's happened. That's okay. I am the competition.

Mr. Pat Martin: I understand the Trojan Horse.

Mr. Karlheinz Schreiber: But he was also told he had to buy the Airbus, and you can read it in the paper. You can read it in *The New York Times*.

Mr. Pat Martin: He was told by whom? Who would tell Max Ward that?

Mr. Karlheinz Schreiber: The word was out, and the group who met to discuss this and convey it was Fred Doucet, Gerry Doucet, Frank Moores, probably...[Inaudible—Editor]...and Lucien Bouchard. He was at that time the ambassador in Paris, whom I met there and discussed this Airbus business with.

Mr. Pat Martin: You're saying that the political interference began even before the purchase of the Airbus planes, and it was Max Ward who got this wonderful privilege of buying the domestic line?

Mr. Karlheinz Schreiber: And we had to buy the business. We had to buy the Max Ward business to force Air Canada to buy Airbus.

Mr. Pat Martin: Who did you pay to buy it?

Mr. Karlheinz Schreiber: Airbus nearly lost its shirt. The prices were too low.

Mr. Pat Martin: No, but who would you pay here to get that wonderful privilege for Max Ward? Who did you have to buy off?

Mr. Karlheinz Schreiber: Nobody. Airbus was interested to do it. The companies were interested to do it. They knew—

•(1750)

Mr. Pat Martin: So where was the political interference, then, in purchasing the Airbus planes for Air Canada?

Mr. Karlheinz Schreiber: In giving Max Ward the domestic charter flight rights under the condition he buys the Airbus, and buying the Airbus would force Air Canada and Canadian to buy the Airbus.

Look, it doesn't make sense. I apologize. You need an inquiry to get the experts in to explain to you what it is. Look, you have a profession; I have a profession. I think you are great there. But I cannot fly to the moon; I am not Wernher von Braun. And I cannot do heart surgery.

Look, accept that there are things you don't understand.

The Chair: Thank you.

Mr. Pat Martin: I'll have to, because I'm out of time.

Mr. Karlheinz Schreiber: I am here to help you because I want the inquiry. Don't you get it? I don't know what this is....

The Chair: Thank you, sir.

Mr. Schreiber, I can't release you yet because the committee has not made the final determinations about its activities related to this study. We're going to hopefully go in camera to touch on a couple of these items, so you're excused for today. We will update you on the status of matters as they should be decided upon.

Thank you for coming before us.

And Mr. Auger, thank you kindly. You're excused.

I'm going to suspend now. I'd like the room to be cleared by everyone who should not be in an in camera meeting now.

[Proceedings continue in camera]

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