



**Summary of Interview of Karlheinz Schreiber
Interview held on March 24, 2009**

Present: Richard Auger, Counsel for Karlheinz Schreiber

Mr. Schreiber described the evolution of his relationship with Brian Mulroney from its inception to their relationship after Mr. Mulroney left office. Mr. Schreiber recalled that in the late 1970s, he was approached in Germany by Walter Wolf and told that Canadian conservatives were seeking support. According to Mr. Schreiber, Mr. Wolf invited him to Newfoundland to meet with Frank Moores, who had just left office as Premier of Newfoundland. At the time, Mr. Moores was president of the Progressive Conservative Party of Canada [sic] (the "PC Party"), and he and Mr. Wolf were looking for support for Mr. Mulroney.

Mr. Schreiber stated that soon after his introduction to Mr. Moores, he met Mr. Mulroney, who was president of Iron Ore, for the first time. Subsequent to this meeting, Mr. Moores asked Mr. Schreiber for funding, which was initially to be used for the 1983 party convention in Winnipeg. Mr. Schreiber was told that delegates were to be flown from Quebec to Winnipeg by Max Ward to ensure there would be sufficient votes against then party leader Joe Clark. Mr. Schreiber donated \$30,000 or \$50,000 CAD to this cause through his Alberta company MLE Industries. He gave the donation directly to Mr. Wolf (through his lawyer Michael Cogger) who may have claimed the donation as his own.

Mr. Schreiber recalled that he also invested in Port Atlantis at Mr. Moores' request. The project involved building a port to supply material for offshore rigs. According to Mr. Schreiber, Mr. Moores stated that investment would improve his financial ability to support Mr. Mulroney's leadership bid. Mr. Schreiber recalled that Elmer MacKay, Guy Charbonneau, and others that were part of a close-knit group around Mr. Mulroney were supporting him. Mr. Schreiber advised that their support and Mr. Mulroney's appeal motivated him to invest \$370,000 in Port Atlantis.

Prior to Mr. Mulroney becoming leader of the PC Party, Mr. Schreiber met him four to six times either for a drink or for dinner. Generally the meetings occurred at the Ritz Carleton in Montreal. In the early 1980s, Mr. Schreiber had an apartment in Montreal where he was starting a traffic safety business, and the proximity enabled some of these meetings. Mr. Schreiber became a citizen of Canada in 1982 and received a telegram from Mr. Mulroney.

In 1983, Mr. Mulroney won the PC Party leadership convention and became Leader of the Opposition. Mr. Schreiber recalled that when he would visit Ottawa, he would see Mr. Mulroney, Mr. Moores and others close to Mr. Mulroney. Mr. Schreiber believed that Mr. Mulroney was strongly in favour of free enterprise and the creation of jobs, which resonated with him. Mr. Schreiber recalled that in the same period, discussions began with Mr. Moores about having friends in government and Mr. Moores' intention to continue lobbying.

In 1985, Mr. Schreiber met Winfried Haastert, member of the Board of Thyssen Henschel ("Thyssen") and Mr. Pfeleiderer ("MBB") on a flight. Mr. Haastert informed him that Thyssen had been approached by the Government of Canada about increasing their investment in Canada. Mr. Schreiber stated that accordingly his relationship with Thyssen was triggered by the Government of Canada's invitation to Thyssen to invest.

Mr. Schreiber described how in later years he lost faith in Mr. Mulroney and his assurances that the project would succeed. According to Mr. Schreiber, he had believed that Canada was indeed "open for business" and the Bear Head project had a real chance for success. Mr. Schreiber stated that he was never told by Mr. Mulroney that the project would not succeed, and he was only told that the bureaucrats were the problem. Mr. Schreiber recalled meeting with Paul Tellier (Clerk of the Privy Council), Fred Doucet, and Brian Mulroney, and that everybody appeared to be optimistic that the project would receive government support.

Mr. Schreiber stated that his doubts began forming when General Motors Diesel Division ("DDGM") was awarded its first sole-source contract. Mr. Schreiber recalled that Mr. Mulroney convinced him that the Bear Head project would still succeed and to refrain from filing a suit against the government.

Mr. Schreiber advised that when he received Canada's letter of request to Switzerland in 1995 (the "LOR"), he heard for the first time that Mr. Mulroney had previously "killed" the Bear Head project. Mr. Schreiber believed that it was a defence created by Mr. Mulroney.

Mr. Schreiber stated that he became angry with Mr. Mulroney for the first time when Norman Spector testified at the Parliamentary Ethics Committee that Mr. Mulroney had "killed" the project. It was Mr. Schreiber's impression that Elmer MacKay, Mr. Moores and Fred Doucet were also unaware that the project had been terminated. Mr. Schreiber recalled that Elmer MacKay had reported to him that Mr. Mulroney stated in Cabinet that the project was going to proceed without further discussion. According to Mr. Schreiber, he would have agreed to withdraw the project if he had simply been told that the project was not going to happen.

Mr. Schreiber confirmed that he met with Mr. Mulroney at Harrington Lake (June 23, 1993), Mirabel airport (August 27, 1993), the Queen Elizabeth Hotel (December 17, 1993), the Pierre Hotel (December 8, 1994), and the Savoy Hotel (February 2, 1998). Mr. Schreiber also stated that his diaries show that a meeting relating to Bear Head took place in early June of 1993. This meeting, however, was strictly in relation to the status of the Bear Head project. Mr. Schreiber confirmed that he provided Mr. Mulroney with \$300,000 at Mirabel airport, Queen Elizabeth Hotel and Pierre Hotel meetings as payment for future services.

Mr. Schreiber provided details about the meetings at Harrington Lake, Mirabel airport, the Queen Elizabeth Hotel and the Pierre Hotel. The meeting at Harrington Lake and their subsequent meetings all related to the establishment of a plant for Thyssen in Montreal. Mr. Schreiber stated that no monetary arrangements were made at Harrington Lake. They simply agreed to work together once Mr. Mulroney returned to Montreal and that arrangements would be made at that time. Mr. Schreiber was motivated to meet at Harrington Lake because Fred Doucet had said Mr. Mulroney required money and Elmer MacKay had told him that Mr. Mulroney was reduced to selling furniture at 24 Sussex.

Mr. Schreiber stated that at Harrington Lake, and at subsequent meetings, he did not ask Mr. Mulroney to contact any one at the federal government on his behalf. He stated that there was no need because Mr. Mulroney offered at Harrington Lake to speak with Kim Campbell. According to Mr. Schreiber, Mr. Mulroney had stated that he would be in a favourable position to help with the Bear Head project, with his connections in Montreal and with Ms. Campbell as Prime Minister. Mr. Schreiber stated that he had been surprised that Mr. Mulroney believed Ms. Campbell would win a majority government.

Mr. Schreiber did not recall whether he spoke with Mr. Mulroney about the monetary arrangements on the telephone before the meeting at Mirabel airport. However, he did recall saying to Mr. Mulroney at Mirabel that \$500,000 was available, and that he provided Mr. Mulroney with the first \$100,000.

At Harrington Lake, Mr. Mulroney did not say that he would be joining his old law firm and there was no discussion about a receipt being provided.

At Mirabel, Mr. Schreiber expected to receive a receipt or some information as to how he would receive receipts in the future. Mr. Schreiber believed Mr. Mulroney would be disinclined to bill through his law firm as a result of its unfavourable financial implications. Mr. Schreiber stated that he never asked for a bill subsequent to Mirabel and never received one.

With respect to the meeting at the Savoy hotel, Mr. Schreiber stated that Paul Terrien was not in the room, and that the meeting was a private one between himself and Mr. Mulroney. Mr. Schreiber stated that he did not recognize Mr. Terrien at the time.

Mr. Schreiber stated that Fred Doucet arranged all of the meetings. Mr. Schreiber recalled that Fred Doucet did not attend any of the meetings except the one at the Pierre Hotel. Further in this regard, Mr. Schreiber stated that Fred Doucet was not invited.

Mr. Schreiber stated that arrangements had to be made for him to be provided with directions or to be driven to some of the meetings. For example, Mr. Schreiber stated that Mr. Mulroney had arranged for a limousine to pick him up and drive him to Harrington Lake. Mr. Schreiber noted, however, that Mr. Mulroney asked him whether he could ride back to Ottawa with a young staffer in his jeep, and Mr. Schreiber accepted. Mr. Schreiber also stated that he required directions to the hotel at the Mirabel airport because he was unaware of its existence. Mr. Schreiber travelled in Lufthansa Limousine to Mirabel.

Mr. Schreiber also described the financial arrangements with Thyssen in relation to the Bear Head project. Mr. Schreiber stated that he billed Thyssen directly and that he also had a relationship with International Aircraft Leasing ("IAL"). He stated that an agreement existed between IAL and Thyssen in which Thyssen agreed to pay \$4 million in success fees in relation to proceeding on the Bear Head project with the help of third parties. The \$4 million was to be paid once the understanding in principle ("UIP") was signed with the Government of Canada. Mr. Schreiber stated that Mr. Haastert received \$500,000 of those fees. A portion was also set aside for Mr. Moores for himself and for him to distribute to third parties.

With respect to the money given to Mr. Mulroney, Mr. Schreiber stated that it was not discussed when he informed Mr. Mulroney of the LOR, and that they did not discuss matters of that nature over the telephone. According to Mr. Schreiber, they did not discuss the money until they met at the Savoy hotel in 1998. Mr. Schreiber stated that Mr. Mulroney never asked him directly for a statement that he did not receive this money.

In early November of 1988, after the UIP was signed, Mr. Schreiber's Alberta company Bitucan received a number of invoices. Mr. Schreiber stated that Fred Doucet was paid for ensuring that Perrin Beatty sign the UIP. According to Mr. Schreiber, Mr. Beatty's signature was the missing piece to obtain the second \$2 million from Thyssen. Fred Doucet would otherwise not have been entitled to any of the commission payment. Mr. Schreiber recalled that this was Fred Doucet's initial involvement in the Bear Head project, as he had worked for the federal government beforehand.

Mr. Schreiber stated that he had not told Mr. Mulroney that IAL was set to receive a commission payment for the signing of the UIP. However, he was told that Mr. Mulroney was informed by Mr. Moores.

Mr. Schreiber stated that he did not participate as actively outside of Bear Head after the Liberals came to power in 1993. According to Mr. Schreiber, Marc Lalonde and Juergen Massmann were in charge of Bear Head's operations in Quebec. Mr. Schreiber stated that he became less involved externally because it was well known that he was close with Mr. Mulroney and that any approaches to the new government might be impeded as a result. He noted that at that time, Mr. Massmann was the president of BHI and was knowledgeable in terms of product information and the day-to-day operations of BHI. Mr. Schreiber stated, however, that he still had relationships with some Liberals, such as Allan MacEachen and André Ouellet. In this regard, he noted that he met Mr. Ouellet with Mr. Lalonde regarding Bear Head after his meeting with Mr. Mulroney at the Queen Elizabeth Hotel.

With reference to Mr. Schreiber's donation to Jean Charest's leadership campaign in June of 1993, Mr. Schreiber stated that he had spoken to Elmer MacKay about his interest in Jean Charest. According to Mr. Schreiber, Elmer MacKay then arranged a meeting with Robert Charest. Mr. Schreiber noted that Robert Charest had provided him with tax information that was beneficial to the Bear Head project in Cape Breton in earlier years. According to Mr. Schreiber, he considered donating \$50,000 but decided that \$30,000 was enough.

Jean Charest was Minister of the Environment at the time, and Mr. Schreiber stated that after making the donation, Robert Charest arranged for Mr. Schreiber to meet Jean Charest in his office. At the meeting, Mr. Schreiber informed Jean Charest of the environmental protection element of the Bear Head project.

With respect to the services provided by Mr. Mulroney, Mr. Schreiber stated that there was none.

Mr. Schreiber noted that if the project had received government approval, he would have become involved in selling the vehicle internationally. He stated that this element was explained in the contract with Bitucan.

With reference to the LOR, Mr. Schreiber described his communications with Mr. Mulroney between the time that he informed Mr. Mulroney of the LOR and their meeting at the Savoy hotel. Mr. Schreiber stated that after the LOR became public, Mr. Mulroney telephoned Mr. Schreiber "all the time" about the issue and that he seemed to be "out of control". There were no face to face meetings, however, because Mr. Schreiber was in Switzerland, where he had been residing since 1994.

The costs incurred by Thyssen on the Bear Head project amounted to approximately \$20 million according to Mr. Schreiber. He stated that approximately \$6 million were paid in commissions, and the rest was paid to Jack Vance, Ian Reid, Greg Alford, accountants and other consultants and staff.

Regarding the various interviews that he gave to the CBC, Mr. Schreiber stated he had been at odds with the CBC in 1994 but that circumstances changed after Luc Lavoie said that he was a "liar". He stated that his statements to Peter Mansbridge in his *Mansbridge One on One* interview, and the interviews provided to *As it Happens* were the truth. Similarly, his statements to Bill Kaplan were true. He stated that all of his answers to the CBC were true, but when he was at odds with them, he often refused to answer.

In relation to Mr. Mulroney's testimony in 1996, Mr. Schreiber stated that he was surprised by Mr. Mulroney's characterization of their relationship. He believed that Mr. Mulroney had committed perjury. Mr. Schreiber recalled that the issue was raised when he met Fred Doucet at Mr. Doucet's home in December of 1999. Before leaving, Mr. Schreiber recalled being led to the television room where the topic was broached. Mr. Schreiber instructed Fred Doucet to tell Mr. Mulroney that he would not commit perjury on Mr. Mulroney's behalf and that Mr. Mulroney should state the truth or find another solution to his problems. Mr. Schreiber noted that Elmer MacKay had not asked Fred Doucet to invite Mr. Schreiber over for dinner on that occasion.

Another meeting between Mr. Schreiber and Fred Doucet occurred in Toronto in early 2000. Mr. Schreiber stated that Fred Doucet was interested in Mr. Schreiber's state of mind and his intentions with respect to his dealings with Mr. Mulroney. Mr. Schreiber recalled that he was told that he had misunderstood Mr. Mulroney's statements. Mr. Mulroney had said "I never had had", not "I never have had". Mr. Schreiber apparently responded that regardless of words used, he would not commit perjury. Mr. Schreiber stated that this was the last time that he spoke with Fred Doucet about the matter.

Mr. Schreiber recalled that he later had another meeting with Fred Doucet concerning the mandate of Mr. Mulroney's work for Mr. Schreiber. With reference to the mandate, Mr. Schreiber stated that he merely took the document before leaving and said that he would consider signing it. Mr. Schreiber stated that he was not interested in considering the document seriously because he was not interested in what he may have or did arrange previously, and second, the mandate did not pertain to a relationship with Fred Doucet. He left with the document without any handwriting on it.

With reference to the mandate, Mr. Schreiber indicated that he thought it was ridiculous and that only the writing listing the companies is his own. He stated that he did not recall writing on the mandate and that his writing may have been transposed.

With respect to Mr. Schreiber's letter to Mr. Mulroney of July 20, 2006, Mr. Schreiber advised that this letter was requested by Mr. Mulroney. Mr. Mulroney had suggested to Elmer MacKay that in order for him to assist Mr. Schreiber, he needed a letter that demonstrated to Mr. Harper that he and Mr. Schreiber were on good terms. Mr. Schreiber stated that the fact that a meeting was taking place originated from Mr. Mulroney.

Schreiber stated that his letter to Mr. Mulroney was not merely a copy of the draft sent to him from Elmer MacKay. According to Mr. Schreiber, only three statements were untrue in the letter: that he had received a satisfactory explanation about the misunderstanding on the Bear Head project; that Mr. Mulroney was the best advocate he could have retained; and that he wished to apologize to Mr. Mulroney. The rest of the letter was truthful and accurate.

Mr. Schreiber stated that he did not expect Mr. Mulroney to convince Prime Minister Harper to reverse any extradition orders. Mr. Schreiber wanted a public inquiry.

Mr. Schreiber stated that he heard nothing back for two or three weeks then asked Elmer MacKay to inquire as to the results of the meeting. According to Mr. Schreiber, he was told that the message was well received. Mr. Schreiber was informed that there was no guarantee, but that after the Supreme Court of Canada made its ruling, the Minister of Justice Vic Toews would "do the right thing". However, before the Supreme Court came out with its decision, the Minister decided that Mr. Schreiber's extradition would proceed.

Mr. Schreiber also discussed his bank accounts and the transfers and withdrawals of money. With respect to the "IAL" 18679 account #46341.5 rubrik "Britan", Mr. Schreiber indicated that he and his wife were the only people that had control over this account and that "Britan" stood for "Brian" and "Cape Breton". He set up the account by phoning his banker, Mr. Strobel, on July 12, 1993 and asking him to transfer the available funds, \$500,000, into the account. Mr. Schreiber stated that the funds were to be used for payments to Brian Mulroney.

Mr. Schreiber stated that on July 27, 1993 he withdrew the first \$100,000, in December of 1993 another \$100,000 was withdrawn, and in 1994 he withdrew \$50,000 twice. Mr. Schreiber stated that all of this money was provided to Mr. Mulroney. Mr. Schreiber withdrew a \$50,000 amount from the account in 1994 because he considered asking Mr. Massmann to take the money to Mr. Mulroney. He later reconsidered and decided he should be the one to deliver it. The money he withdrew from the account was kept in his possession between the withdrawal dates and delivery.

\$212,000 was transferred from the "Britan" account after his last meeting with Mr. Mulroney because he no longer wanted the money in the original "Britan" account. The money was transferred to another account with the rubrik "Britan", which also belonged to him. He used the rubrik "Britan" because it was the same money. He stated that later, he transferred the money to another bank for his own purposes. With respect to this transfer, Mr. Schreiber noted that he closed a number of accounts when Stevie Cameron published her book because the existence of all of these accounts had fallen into the public domain.

With respect to the "IAL" 18679 account #41391.0 "Frankfurt", Mr. Schreiber indicated that this account was also under his control. Further all accounts with a client number 18679 were under his control. Mr. Schreiber stated that the \$500,000 left over in the "Frankfurt" account and transferred to the "Britan" account was from Thyssen success fees. However, Mr. Schreiber stated that it was difficult to know because payments from three projects were transferred into the "Frankfurt" account, namely, Messerschmitt-Bolkow-Blohm's ("MBB"), Thyssen and Airbus. The account itself was in Canadian dollars because it was intended for Mr. Moores, though the cash taken from the "Frankfurt" account was paid to various people. In this regard, Mr. Schreiber noted that a payment of \$500,000 in September 1994 to "Marc" was intended for Marc Lalonde, but when he learned that Thyssen was paying him directly, Mr. Schreiber used this money personally.

Mr. Schreiber stated that Mr. Moores had two personal accounts, account #34107.0 and another account with rubric "Devon". Mr. Schreiber stated that account #45828.0 is a private account of Gary Ouellet.

With reference to the "IAL" 18679 account #18679.4, Mr. Schreiber indicated that all the Airbus money (from Canada and Thailand) was transferred first into this account and then transferred to various parties. The system was to pay 25% to the "Frankfurt" account. The only money that came into Mr. Schreiber's accounts in USD was from Airbus. Mr. Schreiber noted that Thyssen only paid in DM or CAD. Until August 1991, money came into 18679.4 from an IAL account related to Mr. Pelossi, but that after Mr. Schreiber fired him, the money came into the account from Airbus directly.

Mr. Schreiber indicated that ATG account #47252.3 was a Panamanian company account related to the sale of tanks to Saudi Arabia. Approximately \$22 Million was received in Canadian dollars and Deutschmarks from the Saudi deal.

With respect to the "IAL" 18679 account #18679.2, Mr. Schreiber indicated that the account is a DM account, and that payments from this account were made in relation to the Saudi deal.

Mr. Schreiber also described a number of entries in his agendas. According to Mr. Schreiber, the notes in Mr. Schreiber's personal diary on August 27, 1993 refer to a limousine pickup at 2:30pm to meet Mr. Mulrone and a 5:00pm meeting with Mr. Mulrone. The notes in Mr. Schreiber's personal diary on December 17, 1993 refer to the second meeting with Mr. Mulrone. With reference to this entry, Mr. Schreiber believed that the number "2710" related to the hotel room number. Further notes on that day refer to a meeting scheduled later in the day with Mr. Ouellet. Mr. Schreiber stated that the entry in his agenda on December 18, 1993 refers to the original date for a meeting with Mr. Mulrone at Mr. Mulrone's home. The meeting actually took place at the Queen Elizabeth hotel on December 17, 1993.

Mr. Schreiber did not recall the reason for the entry in his personal diary on January 19, 1991, though he believed that the reference to "246 Frankfurt" was an amount that went to the "Frankfurt" account. Mr. Schreiber stated that the reference in his agenda on February 24, 1992 to an amount "426 US" is likely a reference to Airbus money. The "107 FRA" reference was an amount that went to the Frankfurt account, and the two allocations of "53" and the allocation of "213" were references to amounts paid to Europeans.

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