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## Mulroney adviser asked Schreiber to transfer Airbus funds, affidavit alleges

In an 87-page court filing, Karlheinz Schreiber details his version of his decades-long relationship with Brian Mulroney, as well as a series of meetings with the former prime minister's associates

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GREG MCARTHUR  
GLOBE AND MAIL UPDATE  
NOVEMBER 8, 2007 AT 8:11 PM EDT

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TORONTO — An adviser to former prime minister Brian Mulroney asked Karlheinz Schreiber to transfer funds, made in connection with Air Canada's 1988 purchase of Airbus airplanes, to Mr. Mulroney's lawyer in Geneva, Switzerland, according to an affidavit sworn by Mr. Schreiber and filed Thursday in the Ontario Superior Court of Justice.

The affidavit states that Mr. Schreiber informed Mr. Mulroney during a meeting at Zurich's Hotel Savoy on Feb. 2, 1998 that one of Mr. Mulroney's closest friends and advisers, Fred Doucet, had asked him to transfer funds "related to the Airbus deal" from the lobby firm, Government Consultants International, or GCI, to Mr. Mulroney's Swiss lawyer.

None of the statements contained in Mr. Schreiber's affidavit have been proven in court.

In a brief phone call Thursday night, Mr. Doucet, who only four months ago had refused to speak to The Globe and Mail about his relationship with Mr. Schreiber, said he never spoke with the German-Canadian middleman about transferring money to a Geneva lawyer.



German-Canadian businessman Karlheinz Schreiber, seen in this 2001 file photo. (CANADIAN PRESS/Kevin Frayer)

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"The entire thing is an absolute, total fabrication," Mr. Doucet said. "It is not true. I've never known a lawyer in Geneva and I don't, to this day, know one and I have never spoken with Karlheinz Schreiber about transferring any funds, anywhere."

In an unsolicited e-mail that Mr. Doucet sent to The Globe shortly after his phone call, he repeated his denial and said "I think you are being led down the garden path."

Mr. Doucet, who was Mr. Mulroney's first chief of staff when he became leader of the opposition in 1983, declined to answer any questions about other meetings that Mr. Schreiber states, in his affidavit, he had with Mr. Doucet.

The affidavit also states that it was while Mr. Mulroney was still in office that the two struck a deal for the former prime minister to be paid \$300,000 after he left public life.



According to the affidavit, Mr. Doucet, at the request of Mr. Mulroney, invited Mr. Schreiber to the prime minister's official summer residence at Harrington Lake in Quebec's Gatineau Park on June 23, 1993 — just days before Mr. Mulroney's official resignation.

"It was at this meeting that Mr. Mulroney and I entered into the Agreement," Mr. Schreiber states in his affidavit.

In a phone call late Thursday night, Mr. Mulroney's spokesman Luc Lavoie confirmed that the Harrington Lake meeting took place, but said "there was no discussion whatsoever ... of any agreement of any sort."

Mr. Schreiber's visit was "a courtesy sort of thing," set up by Mr. Doucet, Mr. Lavoie said.

When asked how Mr. Mulroney knew to meet Mr. Schreiber two months later at a Montreal hotel to pick up his first payment of \$100,000, Mr. Lavoie said that Mr. Doucet arranged the first payment some time after the Harrington Lake meeting.

Mr. Schreiber, who has a court hearing next week that will likely dictate whether he is extradited to Germany on bribery and fraud charges, has laid out in his affidavit his version of his three-decade history with Mr. Mulroney, as well as a series of meetings with his associates, such as Mr. Doucet. It was filed as part of his on-going lawsuit against Mr. Mulroney, which alleges that Mr. Mulroney did no work in return for the \$300,000 payment. Mr. Mulroney's lawyer Kenneth Prehogan has called the lawsuit "merit-less."

It is the first time that anyone with inside knowledge of the controversial \$1.8-billion sale of 34 Airbus aircraft to Air Canada has linked Mr. Mulroney to the millions of dollars of secret commissions that flowed from the sale. The allegation by Mr. Schreiber is similar to the accusations that sparked Mr. Mulroney's 1995 lawsuit against the government and resulted in the former prime minister receiving a settlement of \$2.1 million.

Mr. Schreiber does not name the Swiss lawyer that was supposed to receive the funds, nor does he say when Mr. Doucet allegedly asked for the funds to be sent — or even if any money was in fact sent anywhere. There are 23 exhibits attached to his 12-page affidavit and none of them are related to Mr. Schreiber's allegation that Mr. Doucet wanted Mr. Mulroney to receive Airbus commissions through a Swiss lawyer.

In 1995, the RCMP launched a criminal investigation into the Airbus sale after it was revealed that there was a secret commission deal between the European manufacturer and a shell company connected to Mr. Schreiber.

As a result of that secret contract, millions of dollars flowed from Airbus to Swiss bank accounts controlled by Mr. Schreiber not long after the board of directors of Air Canada approved the purchase of the airplanes.

It's never been shown, and Mr. Schreiber has never said, what work he did to earn those commissions. In recent media interviews he has said that one of the recipients of the secret commissions was Frank Moores, a former Conservative premier of Newfoundland who at the time of the airplane sale was chairman of the lobby firm Government Consultants International, or GCI.

Mr. Moores, whose company lobbied on behalf of Airbus, died in 2005.

As part of the RCMP's investigation into the Airbus sale, the Mounties sent a letter to the government of Switzerland asking for access to Mr. Schreiber's bank records. In the letter, the Mounties alleged that Mr. Schreiber, Mr. Moores and Mr. Mulroney had conspired to defraud Canadians on the sale.

Mr. Mulroney sued the RCMP and the federal government over the letter, alleging that it had damaged his reputation and that he had nothing to do with the sale. As part of his lawsuit, he testified in an examination for discovery proceeding, and said under oath, that "at no time directly or indirectly [did] myself or members of my government [seek] to influence the choice of Airbus."

Mr. Mulroney's spokesman, Mr. Lavoie, reiterated that point in an interview, Thursday. "I know that to be false — that Mulroney had anything to do with the Airbus transaction, and any money flowing from it," Mr. Lavoie said.

Mr. Lavoie also said that Mr. Mulroney has never had a Geneva lawyer.

When asked what Mr. Schreiber and Mr. Mulroney discussed in Zurich, which is where Mr. Schreiber says he advised Mr. Mulroney of the alleged intention to transfer funds, Mr. Lavoie said: "I don't know that I would like to comment on this because it was his private business. It was his private dealing. It's a one-on-one meeting that took place while he was in Zurich for other businesses. And whatever was said — I don't know the details of what was said, I don't know exactly what was said — but, you know, it's his private business."

Since Mr. Mulroney's \$2.1-million settlement, it has come to light that there was much more to the former prime minister's relationship with Mr. Schreiber than he chose to reveal at the time.

Between 1993 and 1994, shortly after Mr. Mulroney left office, he accepted \$300,000 in cash from Mr. Schreiber over three meetings in hotels in New York and Montreal — a fact that was never revealed during his lawsuit.

Mr. Schreiber has said that he hired Mr. Mulroney to help him establish a Canadian light-armoured-vehicle factory for his German client, Thyssen AG. He has also said that the former prime minister was supposed to promote his pasta business and restaurant franchise.

Last week, The Globe and Mail and CBC reported that Mr. Mulroney did not pay taxes on the \$300,000 in the years that he received the cash. Instead, years later, the former prime minister filed a voluntary tax disclosure, an option that Canada Revenue Agency offers to taxpayers who have filed inaccurate tax returns and later decide to declare unreported income.

Both news media outlets also reported a series of private phone calls between the lawyers acting for both Mr. Mulroney and Mr. Schreiber after a CBC journalist obtained Mr. Schreiber's bank records and started looking further into the still-secret cash payments. According to a memorandum written by Mr. Schreiber's Alberta lawyer, on Oct. 17, 1999, Mr. Mulroney asked for some sort of written assurance from Mr. Schreiber concerning the cash payments.

In Mr. Schreiber's affidavit filed yesterday, he has stated that those discussions continued into the Christmas season of 1999 and early 2000, years after Mr. Mulroney received the three cash payments. Two of those meetings involved Mr. Doucet, the affidavit states.

According to the affidavit, Mr. Schreiber met with Mr. Doucet at Mr. Doucet's home in Ottawa some time during Christmas. Shortly after that, Mr. Doucet asked Mr. Schreiber to meet again and asked him to sign a document that would confirm the terms of his \$300,000 agreement with Mr. Mulroney, the affidavit states.

The document, which is included in Mr. Schreiber's court filings, isn't dated or signed. It is titled "Mandate" and lists services, presumably to be performed by Mr. Mulroney: "Travelling abroad to meet with government and private sector leaders to assist in opening new markets for our products and to report regularly to us in



this regard. In this context, priority should be given to opportunities relating to Canadian based manufacturing of peace keeping and/or peace making military equipment in view of Canada's prominence in this area."

At the bottom of the contract it states, "The Mandate will be for a period of three years." The fee that was supposed to be listed has been left blank.

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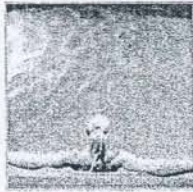
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