

**Documents in support of Mr. Karlheinz Schreiber's testimony**

**KARLHEINZ SCHREIBER**

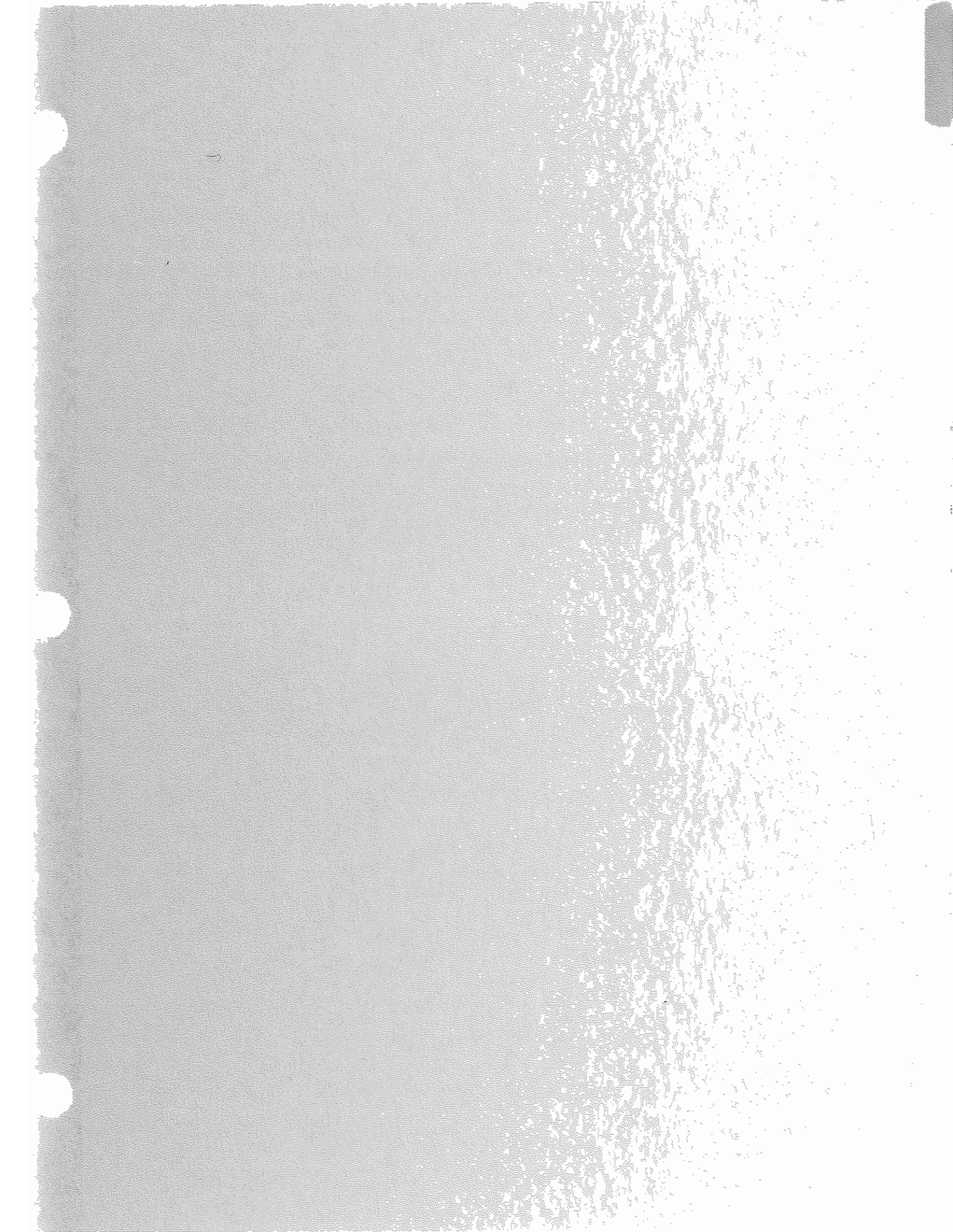
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## **Interview with KHS by Kaplan**

Interview with K. Schreiber on Nov. 11/98

With respect to Paul Tellier, I had to laugh when I heard what you said about my meeting with him in your book. I can tell you that I haven't read your book but plan to do so around Christmas. The idea of him throwing me out of anywhere was just ridiculous. I would have thrown him out the window. He wouldn't have the guts to throw me out.

Anyway, there was this meeting. I was there with Doucet. Mulroney attended the first part of the meeting and then left. So it was just the three of us. Me, Tellier, and Fred Doucet. I heard about what Mulroney had already said in Cabinet, namely, that we are

going to do something for Nova Scotia. This is on the record. You can see the documents for yourself. Anyway, before he left Mulroney says at this meeting "I want this thing to happen". Then he leaves. Tellier then comes out with all of these strange statements. These really weird remarks about the power of the beauracracy. I said to him, "Paul, this is a strange situation, all of these people who got their jobs from the Liberals, opposing the present government's wish to have something done on this project". I said a lot of these people are now licking Tory asses. I went on and said that these people are horrible opportunists. That they were miserable creatures. Anyway, we leave the meeting and I thought that it was really strange the way Tellier had made these remarks which were seemingly contradictory to what Mulroney had said when he said he wanted something for the people of Nova Scotia. And I can tell you that this would have been great for Nova Scotia. It would have created thousands and thousands of jobs.

Anyway, after we leave the meeting and we walk down the stairs, Doucet starts running towards the washroom. I thought he was having a heart attack. He had already one. I also thought that it was possible that he had to barf. Anyway, I followed him into the washroom and there he is pissing and laughing himself nearly to death. He says to me that he had never seen a man with such an innocent face saying such horrible things to Tellier. He then told me that Tellier was one of these ass lickers who had been originally appointed by the Liberals. If you think that I put any importance on Tellier whatsoever, you have got it totally wrong. I can tell you though, that throughout the entire piece, all of these politicians said that they were for the project, that they believed in it. They betrayed me and Thyssen for \$14 million.



**Mulroney asks Schreiber to clear the Airbus air: Former PM wants businessman to release bank records; [National Edition]**

*Philip Mathias. National Post. Don Mills, Ont.: Aug 20, 1999. pg. A.3*

**Abstract (Summary)**

Mr. [Karlheinz Schreiber]'s bank records are the missing piece of an RCMP investigation into allegations that he paid a \$5-million bribe to Mr. [Brian Mulroney], allegedly to ensure Air Canada bought \$1.8-billion worth of Airbus aircraft in 1988. Mr. Schreiber was alleged to be acting as a lobbyist for Airbus.

The Schreiber bank accounts will be released to Canada if both the Federal Court and the Bundesgericht rule against Mr. Schreiber. If either rules in Mr. Schreiber's favour, the Airbus affair will likely come to an end.

Black & White Photo: (Brian) Mulroney ; Black & White Photo: (Karlheinz) Schreiber ;

**Full Text (830 words)**

(Copyright National Post 1999)

Brian Mulroney, the former prime minister, has stepped up efforts to persuade Karlheinz Schreiber -- the man at the centre of the Airbus affair -- to release his confidential Swiss bank accounts to the Canadian government so the matter can finally be put to rest.

Mr. Schreiber's bank records are the missing piece of an RCMP investigation into allegations that he paid a \$5-million bribe to Mr. Mulroney, allegedly to ensure Air Canada bought \$1.8-billion worth of Airbus aircraft in 1988. Mr. Schreiber was alleged to be acting as a lobbyist for Airbus.

"Nothing would make Mr. Mulroney happier than to have these documents opened up so that his innocence would be clear forever," Luc Lavoie, Mr. Mulroney's spokesman, said yesterday.

This week, Mr. Mulroney telephoned his former chief of staff, Fred Doucet, from South Africa, where the former prime minister is vacationing with his family, and asked him to organize another approach to Mr. Schreiber.

Mr. Doucet persuaded a former cabinet minister in Mr. Mulroney's government, a man who knew Mr. Schreiber, to telephone him on Mr. Mulroney's behalf and ask that the documents be released.

Over the last three years, Mr. Mulroney has interceded with Mr. Schreiber several times, both directly in telephone calls, and through intermediaries.



But Mr. Schreiber has always been unreceptive. "I don't want to release the documents," he told the National Post, "because the whole procedure by the Canadian government is illegal, and I want to see them in court to prove this."

The RCMP investigation has been proceeding on and off since the Air Canada purchase of the Airbus aircraft 10 years ago.

In 1995, the probe gained momentum when a disgruntled former employee of Mr. Schreiber's alleged that Mr. Schreiber had told him he was going to bribe Mr. Mulroney.

The informant added that he did not know if a bribe had actually been paid, but supplied details of the bank account that supposedly received the money. His allegation was later proven false.

In 1995, the Canadian government sent a letter to the Swiss government asking for copies of Mr. Schreiber's own bank documents.

The Swiss only release such information when there's evidence of a crime. A Swiss police official advised the Canadian government how to word the letter so that it would seem to pass this stringent Swiss requirement.

The letter used very strong language, saying Mr. Mulroney has engaged in "criminal activity" to "defraud the Canadian government."

Mr. Mulroney launched a lawsuit for libel. In January, 1997, the Canadian government apologized, paid \$2-million of his legal fees, and declared the bribery allegation was "sans fondement" (without foundation).

But the letter of request to Swiss authorities was not withdrawn, and Mr. Schreiber began several legal actions to prevent his bank accounts being made public through the letter.

He first obtained a court order stopping the Canadian request from going forward in Switzerland, but that freeze order has since expired. This year, he asked the Federal Court in Vancouver to order the Canadian government to withdraw the letter of request.

"All we have asked the court to do is force the Canadian government to tell the Swiss government the truth," said Robert Hladun, Mr. Schreiber's Edmonton-based lawyer.

The court's ruling is expected in September. Meanwhile, in June, after the court-ordered freeze expired, the Canadian government reactivated the letter of request.

The Swiss attorney-general, Carla del Ponte, ordered the Schreiber bank documents released to Canada. She explained that she accepted the letter of request as if it was literally true.

The Swiss do not normally look behind a letter of request, lawyers explain. If there's a problem with a letter, Swiss policy is that the requesting country deals with the problem.

Mr. Schreiber countered with an appeal to the Supreme Court of Switzerland, called the Bundesgericht, to countermand Ms. del Ponte's order.

The basis of the Schreiber appeal is that Switzerland has no right to honour the letter of request, because it does not conform with Swiss requirements. The Swiss court has yet to deliver a ruling.

The Schreiber bank accounts will be released to Canada if both the Federal Court and the Bundesgericht rule against Mr. Schreiber. If either rules in Mr. Schreiber's favour, the Airbus affair will likely come to an end.

According to some estimates, Mr. Schreiber has spent about \$2- million in legal fees to prevent his bank documents from being released.

But Mr. Hladun says Mr. Schreiber has nothing to hide. "He's a man of integrity," he added, "and he values his privacy. It's a matter of principle."

Others doubt that anybody would spend so much money just to establish a point of principle.

Mr. Lavoie confirmed that Mr. Mulroney has asked Mr. Schreiber to release the bank accounts, but denies Mr. Mulroney is applying any pressure. "He doesn't want to infringe on anybody's right to go to court seeking justice," Mr. Lavoie said.

**[Illustration]**

Black & White Photo: (Brian) Mulroney ; Black & White Photo: (Karlheinz) Schreiber ;

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October 20, 1999

Via Fax 205-2723

Mr. Daniel J. Henry  
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Dear Mr. Henry:

I want to set out certain events that occurred last night.

- 1) You called me at about 6:00 p.m. and left a message that you and the Fifth Estate were considering my letter to you.
- 2) You then called and left a message some time after 7:00 p.m. that you would agree to my request, but that you wanted to do the on-air interview at 10:00 p.m. last night.
- 3) As you now know, I was out for dinner with my wife and, therefore, did not get your message until 9:40 p.m., at which time I called you.

When I called you, it became clear that you were not agreeing to my requests at all but rather were going to permit me to answer questions under certain conditions. Condition One was that Linden MacIntyre, not Harvey Cashore, would do the on-air interview. You told me that Mr. Cashore did not do on-air interviews and, accordingly, I agreed. You also said there was a second condition: that the Fifth Estate would not give me a list of questions. You said that you had set out the area of interest in a letter yesterday and, as his counsel, surely I would know that area and, therefore, I would not get a list of questions in advance. The area described in your letter is Mr. Schreiber's banking and

business practices in relation to Thyssen and Airbus. I said to you that the area is so broadly defined that I needed an opportunity to talk to my client before I answered specific questions. I clearly indicated to you that I would answer each and every question after speaking to my client. You then suggested to me that, because I had been acting for Mr. Schreiber for several weeks now, I have to know all the answers to all the questions. Your comment not only demonstrates a complete lack of appreciation or understanding of this case, it shows a complete lack of appreciation for the nature of a solicitor-client relationship and in suggesting that I go on air to respond to questions that I may not know the answers to, would allow your audience to draw some impermissible adverse inference as to why my client and I had not spoken about that particular question. More importantly, your approach clearly indicates to me that you are not interested in obtaining accurate information and never were interested in obtaining accurate information. In fact, last night with you was one of the most frustrating and useless conversations I have ever had with a lawyer.

You also told me there was some kind of policy at the C.B.C. not to give questions in advance. I told you that not over 60 minutes would turn down my offer to be on air and would give me a list of questions and would let me review their programme to comment in order to ensure the accuracy of their show. How can the Fifth Estate possibly not permit me to at least comment to you on the contents of your show if you truly cared about the truth.

Astonishingly, you told me that if you gave me the questions, then I would have time to discuss the answers with my client. Your clear suggestion is that we would sit around and collaborate to give untruthful answers. I find that part of our discussion to be one of the most offensive notions stated by you. You have known me for a long time and you know the answers that you would get from me would be totally responsive to your questions.

I told you that I was willing to answer all of the questions of Fifth Estate and that I just needed a brief opportunity to talk to my client in advance. I told you to fax me the list of questions at 7:00 a.m. today and that I would be prepared to go on air at 7:20 a.m. I would have no time but to get Mr. Schreiber's answer. There would be no time for discussion, but just time enough to get his answers. You flatly turned me down. You tried to make last night look like you were considering my offer when, in fact, you were rejecting each and every part of my offer. The Fifth Estate is not interested in the real truth, only its "perceived truth".

Before I wrote this letter this morning, I read Philip Mathias' article in the National Post wherein he states that the show is expected to report that the word "Britan" appears in banking documents belonging to Mr. Schreiber. He stated that the Fifth Estate will suggest that "Britan" is close to the word "Brian" in order to imply a connection between Mr. Mulroney and Mr. Schreiber. If Mr. Mathias is correct in what he expects you to report and you run your show tonight without the benefit of my on-air answer to that question and other questions, you will have committed grave wrongs against Mr. Mulroney and Mr. Schreiber. That would be a false, inaccurate, malicious, groundless inference. There is no resemblance to the truth in that reckless suggestion. Your conduct will attempt to ruin the reputation of people by innuendo and falsehoods when I can give an accurate, truthful, meaningful and balanced response to your irresponsible innuendo.

We want you to be accurate. We want you to be correct. Your conduct throughout our discussions has reflected an utter disregard for accuracy, fairness or full information. You have rejected our most modest requests and waited until the evening before the



04-11-1999 14:52

OGILVY RENALTT F. COLLINS

10/20/89 12:36 FAX 418 366 7884

GREENSPAN, EDWARD L.

514 286 1238 P.04

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broadcast to even consider getting information which I have been prepared to make available to you through an interview for some time.

It is time for the Fifth Estate to re-evaluate its so-called journalistic ethics.

Yours sincerely,

GREENSPAN, HENEIN and WHITE

*Edward L. Greenspan*

Edward L. Greenspan, Q.C.

ELG/sp

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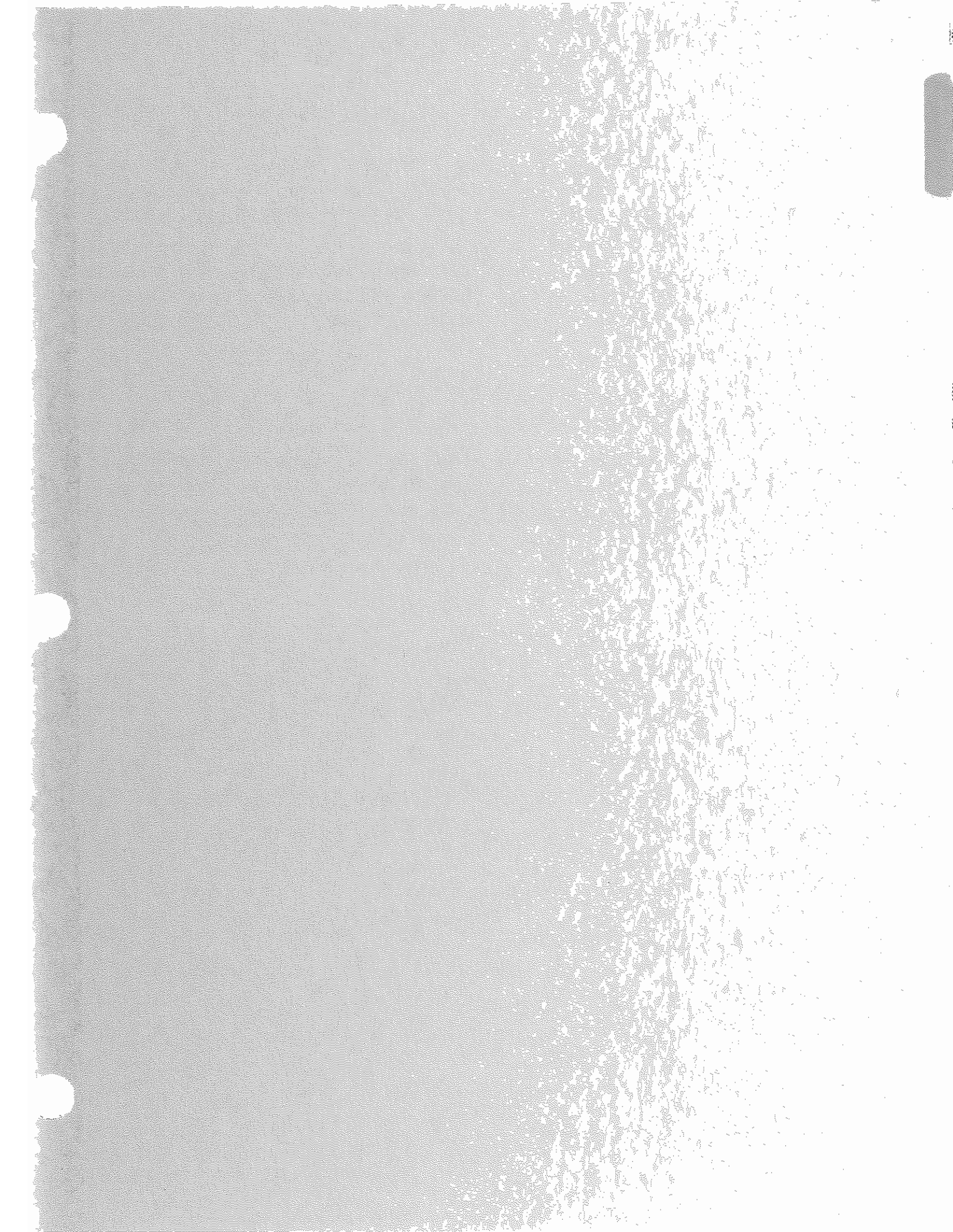
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## THE MYSTERIOUS DEAL-MAKER

FIFTH ESTATE

Broadcast Date: Wednesday, October 20, 1999

Time: 21:00:00

End Time: 22:00:00

Network: CBC-TV

LINDEN MACINTYRE: Good evening and welcome. On March 28, 1995, the fifth estate broadcast a story that kicked off a tempest which rages to this day. We told how the European aerospace giant Airbus made secret payments aimed at making sure Air Canada bought some of its planes. We also introduced Canadians to the man who received those payments and allegedly channeled some along to others, Karlheinz **Schreiber**. Not long after our broadcast, Canadian authorities sent a letter to their Swiss counterparts requesting access to Swiss bank accounts. The letter contained allegations that former Prime Minister Brian Mulroney received some of **Schreiber's** Airbus money. When that became public, Mr. Mulroney sued the federal government for defamation; amid a storm of front-page accusations about political motivation, he won a settlement and an apology. But in all the furor, crucial questions about the Airbus case went unanswered. Where did the secret Airbus commissions and money from other **Schreiber** deals go? How did code names referring to Canadians wind up on secret **Schreiber** bank accounts, and did **Schreiber** use those names in an effort to mislead German tax authorities. Tonight for the first time, the fifth estate has some answers to these questions, in the story of the mysterious deal-maker.

November 23, 1990: a brand new Airbus passenger jet lands in Canada, number seven in a consignment of 34, part of a \$1.8 billion dollar deal that would give Air Canada a new look and air travelers new comforts. But the benefits didn't end there. Each time one of these spiffy new airplanes touched down to become part of the Air Canada fleet, people behind the scenes got a lot richer, thanks to a secret side deal and some creativity in a Swiss bank.

This is the story of a consummate middleman and how, on the one hand, he cultivated enormous political influence in Canada, and, on the other, convinced Airbus executives to pay him millions of dollars to help make the aircraft sale happen; and, in detail previously unknown to all but a few insiders, how he transferred large amounts of money into a series of special coded bank accounts at this branch of the former Swiss Bank Corporation, money that was intended for people that he believed to have corporate and political clout. For Karlheinz **Schreiber**, the airbus deal was to be the consummation of years spent earning the trust and friendship of some powerful Canadians.

**Schreiber** showed up in Alberta during the '70s with a new company that painted the markings on highways. His former partner, Erwin Zeiter, remembers him as a born salesman.

ERWIN ZEITER (former business partner of Karlheinz **Schreiber**): Down to earth, a lot of jokes to tell, had a very healthy attitude towards business, towards people. I found him very nice.

MACINTYRE: Politicians and public servants dole out roadwork, and Zeiter soon found his partner had some novel ideas for getting on the good side of them. Crudely put, they're called kickbacks.

ZEITER: I have in my wildest dreams never had an idea to go to some city mayor or some roads department manager and say, OK, you give me a contract to do the roads and I give you some money. He said this is the only way we're going to get something done. The whole world works different than what you think. I have to do that.

MACINTYRE: The whole world clearly didn't include then premier Peter Lougheed's Alberta, according to Erwin Zeiter.

ZEITER: Loughheed told everybody in his office here in Edmonton that anybody who does business with Karlheinz **Schreiber** or his associates is out, in other words, doesn't get nothing.

MACINTYRE: By June, 1983 **Schreiber** had forged some federal Tory connections and was close to key supporters of the man many saw as the natural and next leader of the national party.

NEWS STOCK FOOTAGE: Brian Mulroney wins it by about 250 votes over Joe Clark.

MACINTYRE: Brian Mulroney didn't disappoint them. He won the party leadership. Pat MacAdam went way back with the new leader, back to university days in Nova Scotia. Mulroney picked MacAdam to run his office while he was in opposition. An early visitor was Karlheinz **Schreiber**, who would occasionally show up with Max Strauss, son of Franz Joseph Strauss, Bavarian premier and chairman of the giant Airbus company.

PAT MACADAM (former associate of Brian Mulroney): They knew each other long before Mr. Mulroney became an MP and leader of the opposition - I don't know where they met, maybe through the Strausses - and he'd pay a courtesy call on Mr. Mulroney in the Office of the Leader of the Opposition. I was the gatekeeper then and kept the appointments, and he'd come in with Max Strauss and say hello and leave.

MACINTYRE: A year later Brian Mulroney was the prime minister of Canada, and Karlheinz **Schreiber** was keen to capitalize on his proximity to power. MACADAM: They're both honest, decent men. I would have no hesitation in going out in the desert if Brian Mulroney or Karlheinz had the water. I wouldn't be afraid. That's how...you know, I trust them implicitly.

MACINTYRE: In 1985, a German arms-maker, Thyssen Industrie, hired **Schreiber** to get government help for a new venture planned for Nova Scotia: manufacturing armoured personnel carriers. Ottawa insiders like Pat MacAdam were soon hearing a lot about the Bearhead Project - named for the place in Cape Breton where the plant was supposed to go - from Thyssen's man, **Schreiber**.

MACADAM: Oh, he's aggressive. He's very aggressive without being pushy.

MACINTYRE: that's a gift.

MACADAM: Yeah, and he's a person who doesn't give up easily. He's not a quitter. I don't know how many years he had an office here for Bearhead, fighting.

MACINTYRE: **Schreiber** had a good incentive to fight. Thyssen was offering a \$4 million fee, but they also wanted to see some results before they laid that money down. On September 27, 1988, on the eve of a federal election, they got a formal understanding in principle that the federal cabinet was behind the project. October 25th Thyssen executives made good on their promised commission to **Schreiber**. What he subsequently did with the \$4 million would become a bone of contention. **Schreiber** would tell German tax officials that he paid a lot of it out to a Canadian, who in turn spent much of it on useful expenses as permitted under German law. The Canadian was Frank Moores, a former Newfoundland premier whose Tory credentials gave his lobbying firm, Government Consultants International, a lot of drag in Ottawa. Frank Moores had been a close Mulroney friend and ally. He was eventually joined by another Mulroney loyalist, Gary Ouellet.

Pat MacAdam would also end up at GCI, and while he had nothing to do with Thyssen, he felt Frank Moores and **Schreiber** were a perfect fit.

MACADAM: Frank was very outgoing, Frank was hail fellow well met, back-slapper. He was great with clients. He could sell a refrigerator to an Eskimo.

MACINTYRE: But selling tanks to the Department of National Defense - even with powerful political contacts - would prove to be even more difficult than that. Department officials dragged their feet until they were ordered by their bosses to meet with **Schreiber**. Colonel Michel Drapeau remembers the scene.

COLONEL MICHEL DRAPEAU: It was very obvious from both the tone and the comments given to me by the deputy minister that this was not a meeting that he wanted. This was against his will. and the meeting had been forced upon him.

MACINTYRE: For anyone behind the scenes in Ottawa in those days, the pressure wouldn't have come as a surprise. The Thyssen lobby by the late 80s was strengthened by the recruitment of Fred Doucet, formerly of the Prime Minister's Office. A former Liberal cabinet minister, Marc Lalonde, then out of politics, was also lobbying for the Thyssen deal. And Elmer MacKay, who in 1983 had briefly surrendered his Nova Scotia seat in parliament so Mulroney could get an easy ride into the Commons, was the cabinet minister in charge of Atlantic regional development and a strong advocate for Thyssen's project. Internal documents show that in 1990 Brian Mulroney himself directed his chief bureaucrat, Paul Tellier to meet with Karlheinz **Schreiber** and Elmer MacKay.

MACADAM: Well I think a lot of us, especially we Nova Scotians, saw it as job creation for our province. And Elmer represented Pictou County. I didn't look upon it as putting money in Karlheinz's pocket. I looked upon it as a great industry for Nova Scotia.

MACINTYRE: Internal records also show that Karlheinz **Schreiber** met personally with Mulroney in Ottawa about the project at least twice, in 1991 and in 1992, and **Schreiber's** own handwritten notes indicate that he had hopes of meeting with him more than that. Thyssen seemed to be getting full value for its lobbying dollar in Ottawa, and the most effective advocates were Frank Moores' lobby firm, GCI.

MACINTYRE: How important a client to GCI was Karlheinz **Schreiber**?

MACADAM: In terms of dollars I don't know. I wasn't privy, I was an employee, contract employee. I don't know what the freight was per month.

MACINTYRE: We've actually seen some of his Swiss banking records, and it's still difficult to tell what the freight was, possibly because **Schreiber** deliberately created a complex system of sub-accounts, or Rubriks, within his own bank accounts. He gave them code names that could create the impression that the money in them really belonged to other people. One of the busier ones was called Frankfurt, which court documents prepared by German authorities say refers to Frank Moores. In November '88 a few weeks after he got the balance of his \$4 million fee from Thyssen, **Schreiber** transferred \$500,000 Cdn. into the Frankfurt account. A sub-account named Marc shows total cash withdrawals of just over \$236,000 between late '91 and mid-'94. German investigators say it refers to Marc Lalonde, but he has told us he's never heard of it, which is entirely possible. Another sub-account named Fred, which shows a paltry \$30,000, is believed to refer to Fred Doucet. Like Lalonde, he says he knows nothing about it. The GCI lobbyist, Gary Ouellet, had his own Swiss bank account - number 45828.0 - and gave power of attorney to Karlheinz **Schreiber**. In one five-year period Ouellet received more than \$350,000 in Canadian funds. German authorities want to know where it came from. Alas for Thyssen, the political pressure ultimately failed to overcome the resistance of the bureaucracy. Mulroney ultimately let the project die.

The Thyssen project in Nova Scotia, failed though it was, was above board and transparent, an up-front lobbying deal. And while a lot of money may have been passing through the famously secret Swiss banking system, there is nothing illegal about that. Then sometime in 1988 **Schreiber** set up another lobbying deal, and this one was super-sensitive and top-secret right from the start. The deal with Airbus dwarfed the Thyssen project. It could be worth \$20 million to him, but there was a catch. In the event of a major political change in Canada, the deal with **Schreiber** was off. In spite of the need for secrecy, **Schreiber** told his German banker. Hans Reiter would later declare that he was



"personally informed by Mr. Karlheinz **Schreiber** that (**Schreiber**) had been employed as an agent for the Airbus company" and that "he brokered 34 Airbuses to Canada."

**Schreiber** privately recorded salient details of the Airbus sale in his personal day-timer - names of the president of Airbus and the chairman of Air Canada, a rough schedule for the delivery of planes, and a lot of references to a man named Stuart Iddles, the Airbus vice-president who directly handled the aircraft sale to Canada. But it was a deal **Schreiber** would never discuss in public. Speaking with fifth estate producer Harvey Cashore in 1995, he was still adamant he had nothing to do with it.

**HARVEY CASHORE** (fifth estate producer): What I still don't understand is why can't you tell me what role you and Moores played on the Air Canada sale for Airbus.

**KARLHEINZ SCHREIBER** (German businessman): I have told you already, whether you believe it or not: I played no role at all. I played no role at all on the Airbus.

**MACINTYRE**: It would be some time before **Schreiber** would admit that he'd received those Airbus commissions, but soon the Airbus controversy would be the least of his worries. Back here in Bavaria, his home state, investigators in the state prosecutor's office were closing in on him over another secret commission deal, this one involving the sale of Thyssen fox tanks in Saudi Arabia, and this time authorities were confident that they had all the evidence they needed to show that **Schreiber** had been involved in a kickback and bribery scheme. And the Saudi deal would provide some striking new insights into **Schreiber's** banking practices, insights that would illuminate part of the Airbus money trail.

A lot of the hardware Saddam Hussein had at his fingertips in the 1991 Gulf War was from German arms dealers. Companies like Thyssen were anxious to correct the balance by selling even better hardware, like top-of-the-line tanks, to Saddam's enemies in Saudi Arabia. And Karlheinz **Schreiber** was friends with two senior officials at Thyssen Industrie, Juergen Massman and Winfried Haastert. He also had a powerful friend in the civil service, Holger Pfahls, a top defense official.

Reinhard Nemetz is the chief state attorney in Bavaria. He says the evidence seems clear that, among other things, **Schreiber** bribed his friend Holger Pfahls.

**REINHARD NEMETZ** (translation): We strongly suspect, based on various records and bank documents, etcetera, etcetera, that Mr. **Schreiber** had paid 3.8 million DM to a former state secretary in the federal ministry of defense.

Hans Leyendeker is an investigative journalist in Cologne. He knows **Schreiber** and, for a while, felt **Schreiber** was being wrongly accused. Then some documents about his involvement with Holger Pfahls helped change his mind.

**HANS LEYENDEKER** (investigative journalist, Cologne): Holger Pfahls, Holger Pfahls, yeah, he worked sometimes for Mr. Strauss, Franz Josef Strauss, and he was the chief of the Secret Service in this country. I think **Schreiber** bribed him. I'm pretty sure now.

**MACINTYRE**: As in the Canadian deals, **Schreiber** has been betrayed by his own hand, by entries in his day-timers, secret code names easily deciphered to reveal the names of his friends. Here's how the German authorities are translating the entries regarding the Saudi deal: Holger: Holger Pfahls; Winter: Winfried Haastert; Jrglund: Jrgen Massman. It looked as if he simply altered first names by adding or removing a consonant or two. And if there was any remaining doubt for the German authorities, they felt it disappeared earlier this year when they matched the day-timer entries with code names on his bank accounts. The two sources revealed a paper trail for millions of DM.

A Swiss court has since ruled that the codes "can, with little imagination and through more than coincidence, be tied" to **Schreiber's** alleged partners in the Saudi deal. And if that wasn't enough, travel records confirm trips by the two Thyssen executives to Zurich at the time money was being

withdrawn from the sub-accounts that bore their code names. By May this year, the two Thyssen managers had been charged with receiving kickbacks from **Schreiber**. Holger Pfahls, the former bureaucrat, evaded arrest and is now a fugitive.

It was also in May that Karlheinz **Schreiber** decided it might be time to head for the Zurich airport. He'd been living in Switzerland, avoiding an arrest warrant in Germany over his tax problems. Germany suddenly seemed too close for comfort. He caught a flight to Canada. Hans Leyendeker:

LEYENDEKER: I spoke with other people later on, and these people told me that he felt bad at Switzerland because his friends - Mr. Massman, for example - became trouble, Holger Pfahls became trouble. And he thought it would be a problem for, for him to stay there.

MACINTYRE: He was afraid, he was getting nervous.

LEYENDEKER: Yeah, he was getting nervous at Switzerland, yeah.

MACINTYRE: If he had asked you for advice, what would you have told him?

LEYENDEKER: Oh, I would have told him: Mr. **Schreiber**, stay there where you are - Switzerland is a wonderful country if you have problems with your taxes. But he didn't ask me.

MACINTYRE: When we come back...

FRANK MOORES (former Nova Scotia premier, now with Government Consultants International): You are absolutely full of it. Whoever told you that is right up to their ears in it.

COMMERCIAL BREAK

VOICE-OVER ANNOUNCER: And now we return to the fifth **estate**.

MACINTYRE: Karlheinz **Schreiber** and his wife Barbara eventually settled into a posh Yorkville hotel in Toronto as Mr. and Mrs. Herman. In effect, he'd become a fugitive from German justice, suspected of having evaded taxes on several business deals, including the Air Canada/Airbus commissions. He's hired lawyers to fight the allegations and he now claims that, while he did receive the money, he gave much of it away to others, which means he wouldn't have to pay taxes on it.

Prof. Erich Samson is **Schreiber**'s German defence lawyer. He says that all those Airbus commissions **Schreiber** collected on the Air Canada sale are just "schmeirgelder" - literally "greasemoney" - and legitimate deductions under German tax law. But he doesn't know who got the grease.

PROF. ERICH SAMSON (**Schreiber**'s German defence lawyer, TRANSLATION): As has been said all along, **Schreiber** will not name the recipients and has not named them to me, so that I cannot give an answer as to who it is.

MACINTYRE: Samson says that even if **Schreiber** only gave money to facilitators, he could cause them tax grief by talking. **Schreiber** has insisted that no Canadian official, elected or not, got a single penny.

SAMSON: I have been a defense lawyer for 30 years and always view my clients with a bit of skepticism. In this case I believe **Schreiber**, but in accordance with my 30 years of experience, I cannot rule out anything.

MACINTYRE: There is, in fact, a pretty clear trail for some of the Airbus money, and it comes mostly from **Schreiber**'s own records, records which show that each time a new Airbus jet hit the Tarmac in



Canada, the money flow would begin all over again, a money trail that could add up to nearly \$20 million. And it went like this:

Remember that new Airbus that arrived on November 23, 1990? Airbus's Paris bank then sent \$393,000 in commissions to an account in Liechtenstein in the name of a **Schreiber** shell company called IAL. Thirteen days later, the shell company wired the money to Zurich, Switzerland, to **Schreiber's** US dollar account. Where all that money went from there was a mystery until German authorities raided the **Schreiber** compound in Kaufering, just outside Munich, in 1995. Here at 27 Relfeisenstrasse they discovered a 1991 day-timer and in it there were some important clues. On one page, in small handwriting, he did some careful math, math which divvied up the airbus commissions. January 19, 1991, **Schreiber** added up three Airbus payments, including that November delivery, totaling nearly a million dollars. Here's how he split it: half for CAN, meaning Canadians; a quarter for himself; one-eighth to "Maxwell"; one-eighth to "Stewardess." And bank records confirm the day-timer entries. German authorities have identified "Stewardess" as Stewart Iddles, the former vice-president of Airbus.

January 21, 1991: the money shows up in the "Stewardess" sub-account, part of a steady infusion that ultimately totaled \$2.2 million U.S. the fifth **estate** caught up to Iddles in France four years ago. He was reluctant to stop his morning jog to talk and, in fact, the run has taken him quite a distance since then. These days he divides his time between his villa in Spain and a spread in Puerto Vallarta in Mexico that cost him a million and a half dollars. The real **estate** agent who sold him his Mexican retreat recalls that Iddles paid for it in cash. Brock Squire.

BROCK SQUIRE (real **estate** agent): The funds were transferred through the Iddles' bank, or Mr. Iddles' bank in Switzerland.

MACINTYRE: Iddles didn't always wire the money he wanted to spend. At least once he tried to take cash straight out of Switzerland in a briefcase, according to Squire.

SQUIRE: He mentioned to me once, as we were talking about his experiences with Airbus and travelling all over the world, and he had mentioned that on one occasion he had \$2 million in cash that he had in a briefcase.

MACINTYRE: Today Iddles seems financially secure. He recently bought an airline with other investors. It seems he just wants to put the Airbus story behind him. The **Schreiber** day-timer shows another one-eighth share of the Airbus money going to "Maxwell." German authorities say that's a code name for Max Strauss, the son of the former Airbus chairman. Bank documents confirm the Maxwell sub-account account received Airbus commissions well into the millions of dollars.

**Schreiber** set aside a quarter of the Airbus commissions for himself, then a whopping 50 per cent under the letters CAN, representing Canadians. Applied to the whole Airbus deal, this formula could give "Canadians" nearly \$10 million US dollars. So who were the Canadians? Here's how **Schreiber** broke it down in his day-timer:

Half went to the sub-account named Frankfurt - which referred, according to investigators, to Frank Moores - amounting to about \$4.4 million. Moores never denied lobbying for Thyssen's proposed Nova Scotia deal, but he's fiercely insisted he had nothing to do with Airbus commissions, and when we contacted him in 1995, he denied having his own Swiss bank account.

FRANK MOORES: You are absolutely full of it. Whoever told you that is right up to their ears in it. Would I remember if I had an account? Of course, now what do you think?

MACINTYRE: Eight months later his memory improved. He publicly admitted he had two Swiss accounts; there could be a third, also code-named Frankfurt, which could go along with that other mysterious **Schreiber** sub-account Frankfurt, which Moores says has nothing to do with him. Even after ploughing through **Schreiber's** meticulous bank records and his diary entries, the financial puzzle

remains incomplete. He wrote in the diary that Canadians were to get half the airbus commissions, but transfers to the so-called Frankfurt account only add up to about half of that. What happened to the rest, payments amounting to about \$125,000 for every plane delivered to Air Canada, millions of dollars, much of it, it seems, withdrawn in untraceable cash? The closer you look at the accounts where **Schreiber** kept the Airbus money, the more the secret of the Airbus commissions turns into a mystery that only Karlheinz **Schreiber** can explain. He's not likely to oblige, but his day timer and bank records drop broad hints that the mystery money could add up to as much as \$5 million.

June 13, 1993: a Progressive-Conservative convention picked a new party leader and brought an end to the Mulroney era. Karlheinz **Schreiber** was there. Six weeks later, across the Atlantic, he did some more banking at the Swiss Bank Corporation in Zurich. July 26th **Schreiber** transferred \$500,000 from that Frankfurt sub-account into a new Canadian dollar sub-account, with the number 46341.5 and the code-name "Britan." The next day someone withdrew more than \$100,000 in cash. Then there was another \$100,000 cash withdrawal three months later, and the following year, another \$100,000, in cash.

We wanted to speak directly to the man best positioned to explain those transactions - Karlheinz **Schreiber**.

(to Mr. **Schreiber**) Have you anything at all to say about the "Britan" account? Anything at all to say about the "Britan" account, Mr. **Schreiber**? Can you tell us why you had code-named accounts naming Canadians, Mr. **Schreiber**? You don't want to speak to us?

But who is "Britan" supposed to represent? If **Schreiber** followed his previous pattern for code names, adding or subtracting consonants, Canadians could be forgiven for thinking it might yield the name Brian. The only Brian who has been publicly associated with the Airbus affair is the former prime minister. Whoever **Schreiber** had in mind, we have no evidence that Mulroney ever knew that **Schreiber** set up a bank account with a code name similar to Brian. He will not talk to us, but he has stated under oath that he never had a Swiss bank account, nor was one ever set up on his behalf. We also have no evidence that Mulroney received a single penny of any of those Airbus or Thyssen commissions.

All of which raises the intriguing possibility that Karlheinz **Schreiber** created a phony paper trail to fool the German tax man, leaving room for inevitable speculation about some important Canadians like Brian Mulroney, people who may now regret they ever met the middleman.

Brian Mulroney's public spokesman responded angrily when he realized the interpretation that might arise from **Schreiber**'s mysterious sub-accounts. Luc Lavoie:

LUC LAVOIE (Brian Mulroney's public spokesman): Karlheinz **Schreiber** is the biggest fucking liar the world has ever seen. That's what we believe.

MACINTYRE: In early September the long arm of the law caught up with Karlheinz **Schreiber** in Toronto. He was in the back of a paddy wagon heading for court after RCMP officers picked him up on an international arrest warrant. His lawyer, Edward Greenspan, asked the court to let him out on bail while he fights efforts to bring him to Germany to face accusations that would range from tax fraud to bribery. He got the bail, thanks to some old friends including Marc Lalonde, who put up \$100,000. Elmer MacKay also posted a bond of \$100,000.

ELMER MACKAY: He is a man of his word, I've known him for some time, and I find him to be a good friend. That's as far as it goes. I don't desert my friends.

MACINTYRE: The judge released **Schreiber** on a total of \$1.2 million bail and on conditions that restricted his movements.

**SCHREIBER:** It is, I think, a great pleasure I have always friends in my life, and I will never let a friend down. So they came here to get me out. I will never do anything to harm them.

**MACINTYRE:** Caught in the spotlight after years avoiding it, **Schreiber** couldn't resist using the moment to make some new friends among his pursuers.

**SCHREIBER:** I started out very poor, in a small village, 900 people, (word inaudible) parents. I know what it means to work every day hard. This is what you do to feed your families - I admire you. Have a good day.

**MACINTYRE:** On Monday the chair of the CBC's board of directors received a letter from a lawyer for Mr. Mulroney. It stated that Mr. Mulroney has had no involvement of any kind in the Airbus deal, and it made an unprecedented threat: Mr. Mulroney will sue every member of the CBC's board of directors if he thinks our story was defamatory.

the fifth estate returns in a moment.

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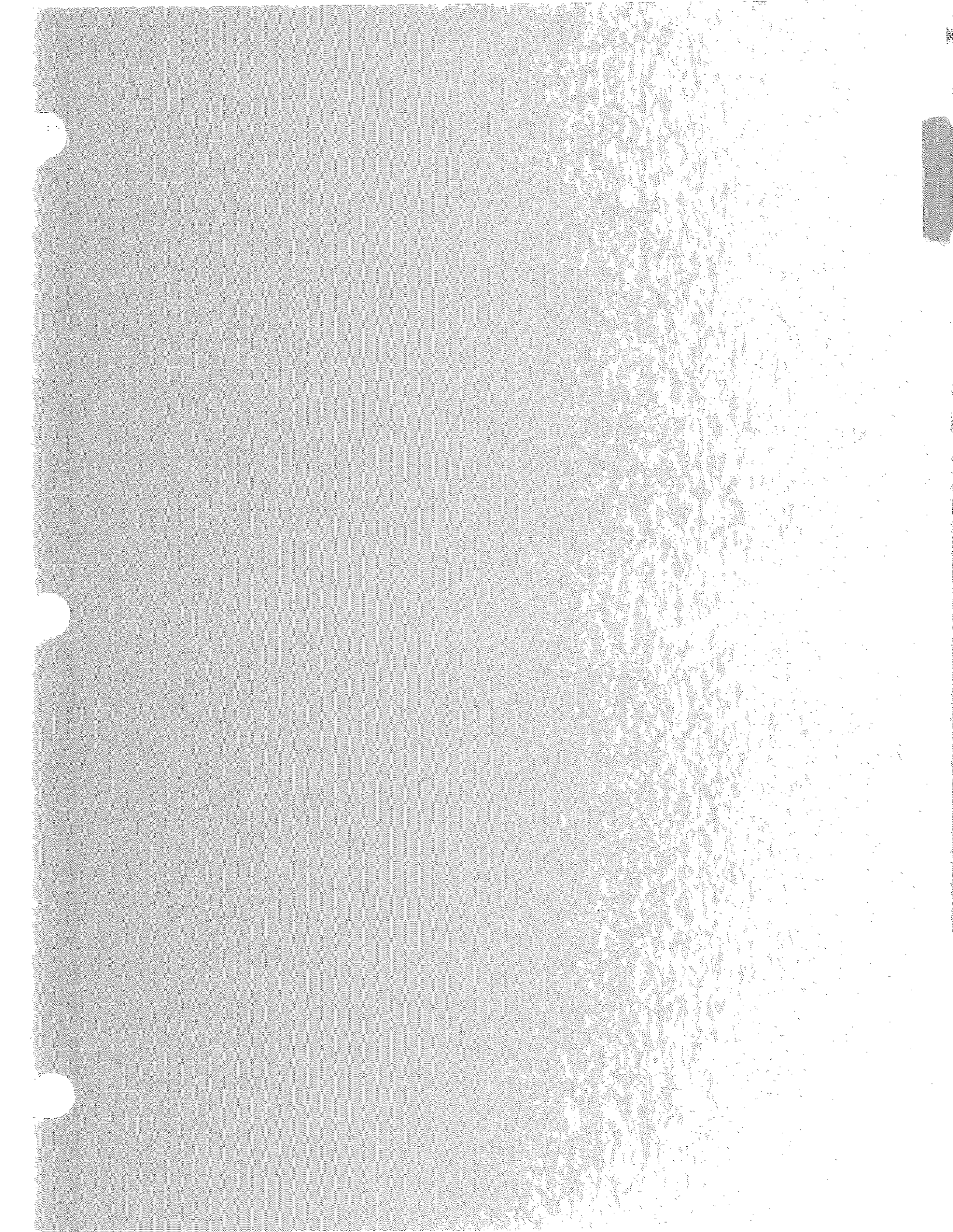
Length: 4525 words

Guest: ERWIN ZEITER, former business partner of Karlheinz **Schreiber**; NEWS STOCK FOOTAGE; PAT MACADAM, former associate of Brian Mulroney; COLONEL MICHEL DRAPEAU, Department of National Defense; HARVEY CASHORE, fifth estate producer; KARLHEINZ **SCHREIBER**, German businessman; REINHARD NEMETZ, chief state attorney, Bavaria, Germany; HANS LEYENDEKER, investigative journalist, Cologne; PROF. ERICH SAMSON, **Schreiber**'s German defense lawyer; BROCK SQUIRE, real estate agent; FRANK MOORES, former Nova Scotia premier now with Government Consultants International; LUC LAVOIE, Brian Mulroney's public spokesman; ELMER MACKAY, former Mulroney cabinet minister;

Tone: Negative

Audience Reach: 656,000

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Dec 26/89  
2-5 P.M.

→ Luc Laroie

"We" thinks he's a lying  
bastard.

- I spoke with him and  
his apology rang hollow.
- I'm going to have them  
discovered, I want to know  
who he means by "we".
- Kaplan looks in Flannery  
in several deep pages particularly  
in the very first pages.
- When Huber case broke  
the first call I got was from  
Labonde. He said to me the  
two people who know most  
about this story is you & me.  
And we each know that Mulrow  
had absolutely nothing to do with  
the sale of Airbus to A.C.

- Elmer used to hate Sabando's  
guts. Now he likes him a lot.

- People are going to be very  
surprised about the ~~the~~ individual  
we're going to discover. When  
I'm finished we will know  
that Rock, Gray, Christen,  
know about what the REMB  
were doing.

- When we discuss Proust  
we're going to ask her whether  
she had sex with a member  
of the German Prosecution Team  
before or after she wrote her  
letter.

- Ironically, this tradition  
bearing is going to resolve the  
whole issue for Brian because  
when we get the German  
Prosecutor in for discovery we  
will have him reveal what  
~~the~~



They have found from the thorough examination of the accounts in Swiss & German banks. They will have to admit that in all of those accounts there is not a single reference to Brun. They can't have it both ways - if they wish to use that evidence to extradite me that means they wish to have those accounts <sup>revised</sup> seriously - if they do then that fully exonerates Brun.

- Barkhill & I have become very good friends of the Hungarian & he has invited us for New Year's Eve (along with a group of lawyers, judges, industry captains etc.)

Brian should know who his best friend is. It is not the many he thinks they are. It is you. He should have made you a Senator instead of the many so called friends who did not serve him well and would do nothing for him today. Like Cogan, Neustrom, Atkins, Carney, Kelly,

I cannot understand why Brian didn't tell me along the way why he wouldn't support the Nova Scotia project. If he had told me he couldn't do it for whatever reason I would have accepted it. He never told me - so I kept pushing. However I'm over that now.

Brian is a great guy. I wish  
we could have done that Tyson  
project - he would now have  
a great client on the international  
scale.

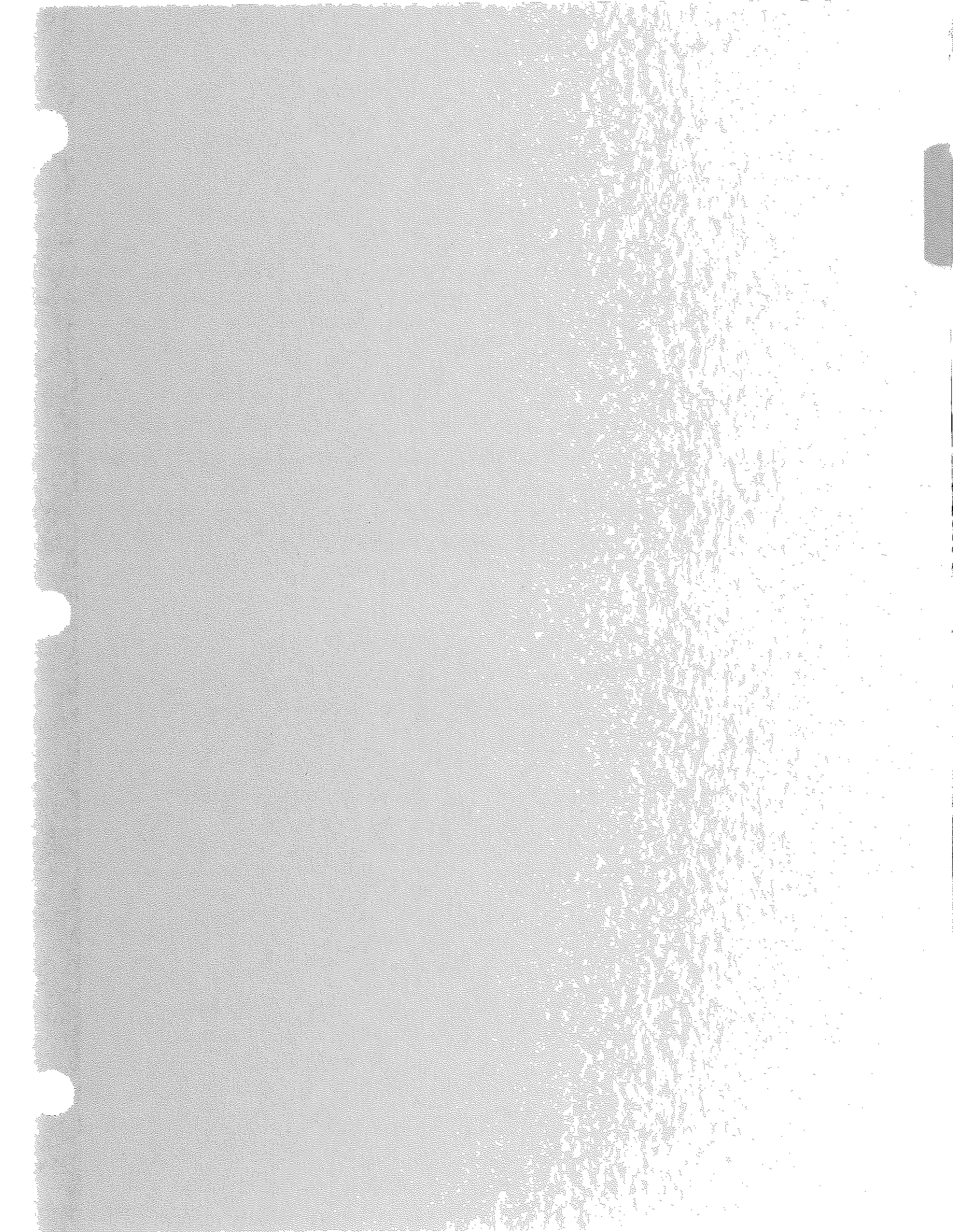
I have decided to increase  
the amount of damage in my  
claims against the CBC and  
the State. I have also  
launched a new suit against  
each of them based on the last  
broadcasts.

Dec. 26/99 2-5 p.m.

Luc Lavoie

"we" think he's a lying bastard.

- I spoke with him and his apology rang shallow.
- I'm going to have him discovered. I want to know who he means by "we".
- Kaplan's book is flawed in several key pages particularly in the very first pages.
- When airbus case broke the first call I got was from Lalonde. He said to me the two people who know most about this story is you and me. And we each know that Mulroneu had absolutely nothing to do with the sale of airbus to A.C.
- Elmer used to hate Lalond's guts. Now he likes him a lot.
  
- People are going to be very surprised about the individual we're going to discover. When I'm finished we will know that Rock, Gray, Chretien, knew about what the RCMP were doing.
  
- When we discover Proust we're going to ask her whether she had sex with a member of the German Prosecution team before or after she wrote her letter.
  
- Ironically, this extradition hearing is going to resolve the whole issue for Brian because when we get the German prosecutor in for discovery we will have him reveal what they have found from the thorough examination of the accounts in Swiss and German banks. They will have to admit that in all those accounts there is not a single reference to Brian. They can't have it both ways – if they wish too use that evidence to extradite me that means they wish to have those accounts taken seriously – if they do then that fully exonerates Brian.
  
- Barbell and I have become very good friends of the Greenspans. He has invited us for New Year's Eve. (along with a group of lawyers, judges, industry captains, etc.)
  
- Brian should know who his best friend is. It is not the many he thinks they are. It is you. He should have made you a Senator instead of the many so called friends who did not serve him well and would do nothing for him today, like Cogger, Meighen, Atkins, Carney, Kelly,
  
- I cannot understand why Brian did not tell me along the way why he wouldn't support the Nova Scotia project. If he had told me he couldn't do it for whatever reason I would have accepted it. He never told me – so I kept pushing it. However, I'm over that now.
  
- Brian is a great guy. I wish we could have done that Thyssen project – he would now have a great client on the international scale.
  
- I have decided to increase the amount of damage in my claims against the CBC and the 5<sup>th</sup> Estate. I have also launched a new suit against each of them based on the last broadcast.



## APPENDIX #11

### SELECTED SCHREIBER PRESS COMMENTS

1. Since his arrest, SCHREIBER has been interviewed repeatedly by German and (to a lesser extent), Canadian media. His comments have been primarily directed at his German problems, which include a fourth contract, that of the sale of THYSSSEN tanks to Saudi Arabia in 1991, and of payments to German politicians, but the following may be of note. In all cases unless noted otherwise, the German has been translated by Insp. Peter HENSCHEL.

1. *Suddeutsche Zeitung* [SZ] September 10, 1999

Upon his release on bail, SCHREIBER told journalists to "tell my friends I am sticking with them"

2. SZ September 22, 1999

SZ quotes SCHREIBER as describing his bribery actions as being a necessity in international business. And "commission payments are standard practice. If it becomes public who received bribes, important people would be threatened. Nobody would do any further business with Germany"

3. *Stern Magazine* of 99/48, 99-11-22.

Regarding his payment of 1 million DM in cash to Horst WEYRAUCH and Walther KIEP, the latter the then Treasurer of the CDU, at a shopping mall in Switzerland, SCHREIBER denied giving the million Marks in his personal capacity, but on behalf of his clients.

"My clients had reserved a donation of one million Marks for the CDU. My task was to hand over this million".

Then

"I won't talk about my client, Just this, the donation to the CDU was not tied to an individual favour. And it's also sure that THYSSSEN was not the contributor of this donation (*Stern* Then Who?) I won't talk about it..."

Then

"ATG is a daughter company of KENSINGTON ANSTALT. And it belongs to a group, which is my clients, They THYSSSEN money to ATG has nothing to do with obtaining contracts, but act as security for THYSSSEN against risks that were associated with transaction of the contract."



Then, regarding PELOSSI

“...The good thing about this is that Herr PELOSSI really did not Learn anything of importance at any time...”

4. *Die Welt* December 02, 1999

Re THYSSSEN BEARHEAD and SCHREIBER's involvement with politicians generally (including MULRONEY and Helmut KOHL. SCHREIBER denies any connection between his contribution of 1 million Marks and the THYSSSEN initiatives, although acknowledging that many German politicians were aware of his BEARHEAD involvement.

5. *ARD Television* January 11, 2000

Questioning about the 100,000 Mark cash contribution to Wolfgang SCHAUBLE, SCHREIBER says that it came from “the same people” although SCHAUBLE could have assumed it came from SCHREIBER. On the issue of whether SCHREIBER's clients attached conditions to the money, “...it was actually, if you want, a sort of conservation of the countryside.”

6. *Die Welt* January 12, 2000

Attributes remarks to SCHREIBER that the 100,000 DM cash donation in September 1994 was made in respect of the THYSSSEN plant in Canada, and that SCHREIBER was interested in obtaining political support of the project. The paper says that SCHREIBER “made clear” that all his political contacts with the CDU and others were for “the realization of this important project” (Note, the press reports that until then SCHREIBER had denied giving any such donation) (, *Berliner Zeitung* January 13, 2000)

6. In contradiction of the above, SCHREIBER denies that the 100,000 DM had anything to do with THYSSSEN (*Der Spiegel* January 15, 2000)

7. *Die Welt* February 21, 2000

(Interview takes place after the resignation of Wolfgang SCHAUBLE and the creation of the Parliamentary inquiry in Germany. In response to a question as to how he is being abused by German politicians:

That it was necessary to make useful expenditures in the form of money or Similar things for some big deals - that's something that the politicians don't want to know about. However a portion of German politicians are aware when, and to which politicians or senior officials in foreign countries, money was engaged in order to allow business transactions to take place....

Q. Without these so called useful expenditures nothing works?

For certain regions and certain business, this is true.... When I read..at what high

price...sold (aircraft to the UAE), then it's clear, that in this price certain monies are included for the care of the political landscape there.

Q. This evaluation applies to your affairs?

To some degree yes. And we had to work with certain useful expenditures in order to, for example open the North American way for AIRBUS via Canada. If Franz Josef STRAUSS hadn't been so strategic, and if he had pursued this path over Canada with such a big commitment, as well as having a little help from me, the demise of AIRBUS could have been expected in the 80s.

Q. The line between donations and bribery is fine. Did you ever bribe someone?

The question really is: What do you understand under bribery. If you are saying one approached someone and asked him to break the law while at the same time paying money under the table, then the answer is no. But that's not even how corruption occurs. That's stupid. Real corruption starts, for example, when politicians are nominated. Dependencies are created when people without financial means present themselves to be elected.

8. *Die Zeit* March 2, 2000 (translated by Irene PORR, CSIS Multilingual Translation Services)

(Interview of SCHREIBER by a reporter visiting in Canada) Describing a drive with SCHREIBER through Ottawa, pointing to the Supreme Court and Government offices, and learning that a hired killer costs \$5,000 in Montreal but for just half of that in Ottawa.

"This is where I went in and out... I still do today. All doors were open to me. Always"

The reporter continued that SCHREIBER bragged about that all of them, naming MULRONEY, CLARK and their political advisers wanted his advice and got it. SCHREIBER also referred to his Costa Rican experiences, including the Hanns Seidel Foundation in the Central American context.

"Under STRAUSS, the case against me would have been dropped long ago. No, it wouldn't even have gotten that far"

Regarding PELOSSI, the reporter says that SCHREIBER said that he could have solved this thing quite differently, years ago

"There are certain attorneys. One phone call will suffice.  
(But) \$5,000 for one bullet, For one second. Somehow that's outrageous.  
The relation just doesn't make sense"



But the reporter then says 'But of course, he would never hire a killer; at best it does good to know, he probably wants to intimate, how it works'

Explaining that he wants to clean things up "this swamp of corruption and bribery". This "deep chasm of the untruthful political caste"

"I worked my ass off for them, greased the wheels for them where necessary, and they, of all people, are calling me a scoundrel and weapons dealer and claim not to know anything about this anymore. But I tell you, they will be surprised. Things will be cleaned out now. By me"

9. *Der Spiegel* 4/2000

"That's rubbish - not them!" Was SCHREIBER's response to a question about payments to MULRONEY and SCHUSSEL (of Austria). "If you want to win a war, you don't follow the rules of peace. Corruption is part of life, just like prostitution"

10. *Handelsblatt* August 21, 2000 (translation by Canadian Embassy, Berlin)

In the context of questions regarding PELOSSI, and the fact that Canada had polygraphed him, and that PELOSSI was inviting SCHREIBER to tell the truth:

"That's not nice. There is sure to be a great deal on the IAL and Kensington Transactions that only he knows about. They are after all the companies he managed. In this respect I do believe he is telling the truth. If you attach me to a lie detector and ask me about Bayerische Bitumen AG, I can say anything and everything will be fine. But he has no idea of what took place above his Position. Look, the German tax authorities approve so called "instrumental expenses" (editor's note: i.e. bribes) and then Thyssen pays. The authorities know exactly where the money is going. This can all be seen. Then along comes Pelossi and brings his accounts and says: The money arrived here. Now where is the big secret?

*What you then dit with it...*

But he doesn't know that either.

*(SCHREIBER goes on to note PELOSSI's information regarding the "Devon" account was wrong)... What is, in your opinion, corruption?*

"Well, how the provincial ignoramuses view corruption is in itself a topic for a whole evening. ...Corruption begins as soon as the MP has to run to Collect money. I have never discovered one in a poorhouse or old people's home. Then the person who has made the donation goes to him and says: I want you to do something for me, make the contact. If the MP says 'No I

won't, what use is he? This is his job after all. A complete misunderstanding of democracy. I really don't know what's going in Germany'

9. *Die Weltwoche* 5/00 February 3, 2000 (Switzerland) (Translated by Irene PORR, CSIS Multilingual Translation Services

Asking about the 100,000 Mark payment to SCHAUBLE and whether it was for the promotion of BEAR HEAD:

"That's utter nonsense. Schauble wouldn't have been able to do anything at all for this project...."

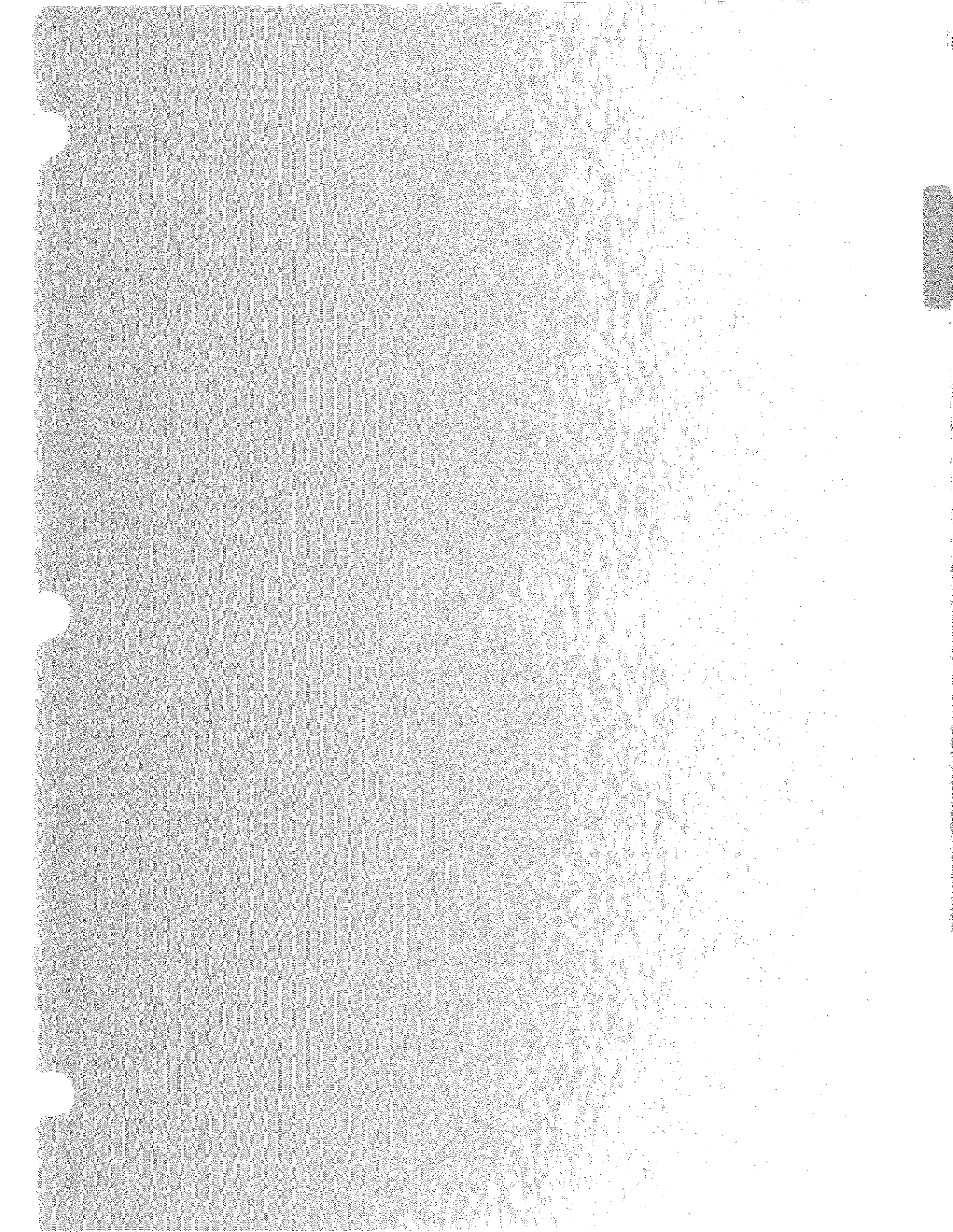
And, on PELOSSI's claim to have been involved in the MBB, BEAR HEAD and AIRBUS deals:

"He managed the Liechtenstein company International Aircraft Leasing (IAL) and in this job concluded NA's, the so called useful contributions. He also arranged for them. But at no time was Mr. Pelossi to know the real internal workings.

*How did this occur*

He collected the money, which was then deposited in an account over which I had right of disposal. On instructions from my client, it was put into project groups. From there, it was withdrawn. But at no time did Pelossi have any idea of who or how or what. With the exception of the he got to know. He screwed them with some sort of story...

10. In a CBC *Fifth Estate* broadcast of March 14, 2001 SCHREIBER stated, in respect of the MBB contract, "I bribed nobody ever in Canada". He did confirm his involvement in the dump Joe CLARK movement, and confirmed that the CSU party in Bavaria funded conservative movements around the world, but he refused to state whether this included the Progressive Conservative Party in Canada. (Reference #341)



Jan 11/00 4:30 Royal York, Toronto.  
K.S. & J.A.D. Room 5-271

1/ Party. Justice Linden & wife. She a good friend  
Al Warner & wife. They like me  
they don't believe  
one second that  
did anything in

2/ Luc.

- I gave him ~~the~~ letter. I commented the  
setting that provoked him and how out of  
the quote was. I told him how ~~irate~~ you  
about Luc's statement regardless of monocol  
& that you had called him in S.A. & given  
hell. Then I asked what good would be  
by proceeding with a suit. K.S. said, me  
he did me a lot of harm in Germany -  
friends from there are asking me why  
spokesperson for BM. would call me a liar  
amount of apology on his part will say  
He must pay for his lack of professionalism  
should not get into this. He should tell  
"Look you hurt K.S. and you hurt me, &  
your problem" - in my event Fred, 46

These guys are accustomed to shooting with their legs  
& getting away with it - this time he won't, he'll  
have to learn a lesson & the only way he can  
is to pay for his misdeed - then I'll be able to tell  
my friends - it's settled. Tell B.M. he should not  
get into this - In any event because you're asked  
I will bring this letter to Eddie. His lawyers have  
already send a letter. It's not acceptable. His lawyers  
must deal with Eddie. How will I know what Eddie's  
response is to this proposed apology? Have his lawyers  
call Eddie.

3. Now our friend B.M. seems quite taken  
by your concern at our house regarding an  
apparent statement that Brian made. Since you  
had invited me to tell B.M. everything, I did. And  
Brian quite frankly could not understand where you  
would be of that impression. Subsequently however  
he went to the text of his discencies and found a  
section where you may have misunderstood what he  
said and the context of the line of questioning.  
I have brought you that section and I'm pleased  
to get you the entire transcript if you'd like it.  
Fred I fully understand now and I can see  
how Brian would have been concerned when  
you reported to him. OK. Fred this fully does  
that up. I now understand. So there's no  
problem here any more.

Now K.S. let us imagine that what you had in mind was you called me to set up the Mobil meeting etc. regarding M.B.'s consultancy internationally comes out during your disclosures, may I presume you will disclose the same as I understood the consultancy to be. The occasion of Eleanor's luncheon party was to propose to M.B. that you would want him to keep a watching brief over a three year horizon and to report periodically on possible opportunities for your companies and that for that service you were prepared to pay a fee and expenses, let me stop you there. Fred, Brian and I had discussed this before particularly in the context of peace keeping programs and also dealing with the reunified Germany. So, OK, K.S. so you had a mandate which was acceptable to ~~M.B.~~ M.B. Yes, that's right. Now, if you are asked ~~under oath~~ under oath about the post 1993 period is this what you're going to say. Well Fred I can't perjure myself so I guess if asked that's what I would say. What about the financial arrangements? Well it could have been an advance or a loan - I don't really fully recall but I guess it is only relevant in the context of my taxes so let's wait a while since I won't be discovered for a long time and I believe (as does Eddy) that I will never be discovered. Fred Brian is my friend and my closest Canadian friend, I will do nothing that will hurt him - you tell him. We can come back to this matter later but we agree on the mandate I gave him & he accepted. O.K. Fred, there is nothing like the truth do you agree? Absolutely.



4/ K.S. what the hell's happening in Germany?  
All hell is breaking loose. You see ~~you~~ the Bavarian  
Premier ~~that~~ wants to be Chancellor. I will see to it  
he doesn't get it. I owe this to Strauss. Also  
Strambele is an ass. He wants to make life  
difficult for Kohl and the Treasurer of the  
Party (Lady) Strambele has ambitions - he will  
never materialize them. The Treasurer is my  
friend, Kohl is my friend. They will be OK.

What about all this talk to the media.  
Well Fred I'll tell you, I'm picking my spots. In  
Canada I do nothing except with Eddie's approval.  
But in Germany, I'm doing my own thing but of  
course I discuss everything with Eddie. My friends  
out there are happy that after 5 years of ~~silence~~  
when Pelosi & company did all the talking  
and hurt me badly that finally I'm now talking.  
K.S. I need to walk you through the pitfalls.  
(And I did) Well Fred I think you're wrong  
but I appreciate that you care enough to tell  
me what you think.

5/ Timing. We have suggested dates. We expect  
now the disclosures will start in Feb. Prost,  
Lee Boss, then Thompson, then Rods. Then a  
long list including Christie. On my own  
initiatives - we're going to let these disclosures  
scare them like hell and maybe my  
initiatives will go pretty fast without  
my having to be discovered. That's what  
Eddie thinks.



6/ You know Ted, the official prosecution ~~materials~~ materials were lost for a week when they arrived in Canada. We think they were interested by the R.C.M.P. When they were found the seal was broken and a part was missing. They don't know we have the missing part (we were able to obtain it) and it is that part that will fully lay to rest the Airbus case. Because all the accounts are in there and there is no reference directly or indirectly to M.B. After this comes out there is no basis to continue the investigation on Airbus. I tell you again Ted, in ~~essentially~~ this extradition hearing will serve to bill Airbus in Canada with ~~Prost's name~~ the concealment of the document & the dishonesty in particular of Prost & Pellosi.

### My conclusions:

- He is hunting for money
- He is getting paid for his interviews (he let slip that he had made \$40,000 in one interview)
- He also mentioned taking a call from Time Magazine.
- He fervently believes he will never be extradited. (Roddie is absolutely certain)
- He will only settle for some money from Luc ~~at the end~~

Jan. 11/00

4:30 Royal York, Toronto K.S. and J.A.D. room 5-271

1. Katy Justice Linden and wife. She is a good friend of Mila.

Al Warner and wife

They like Mulrony and they don't believe for one second that he ever did anything wrong.

2. Luc

- I gave him letter. I commented the setting that provoked Luc and how out of context the quote was. I told him how irate you were about Luc's statement regardless of provocation and that you had called him in S.A. and given him hell. Then I probed what good would be served by proceeding with a suit. K.S. said, well he did me a lot of harm in Germany – my friends from there are asking me why a spokesperson for BM would call me a liar. No amount of apology on his part will satisfy them. He must pay for his lack of professionalism. BM should not get into this. He should tell him "Look you hurt K.S. and you hurt me, so solve your problem – in any event Fred, you know these guys are accustomed to shooting with their lips and getting away with it – this time he won't, he'll have to learn a lesson and the only way he can is to pay for his misdeed. Then I'll be able to tell my friends – it's settled. Tell BM he should not get into this. In any event, because you've asked I will bring this letter to Eddie. How will I know what Eddie's response is to this proposed apology? Have his layers call Eddie.

3. Now on our friend B.M. I was quite taken by your concern at our house regarding an apparent statement that Brian made. Since you had invited me to tell B.M. everything, I did. And Brian quite frankly could not understand where you would be of that impression. Subsequently however, he went to the text of his discoveries and found a section where you may have misunderstood what he said and the context of the line of questioning. I have brought you that section and I'm prepared to get you the entire transcript if you'd like it. Fred, I fully understand now and I can see how Brian would have been concerned when you reported to him. O.K. Fred this fully clears that up. I now understand. So there's no problem here anymore.

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5. Timing. We have suggested dates. We expect now the discoveries will start in Feb. Prost, her Boss, then Thompson, then Rock. Then a long list including Chretien. On my own initiatives – we're going to let these discoveries scare them like hell and maybe my initiatives will go pretty fast without my having to be discovered. That's what Eddie thinks.

6. You know Fred, the official prosecution materials were lost for a week when they arrived in Canada. We think they were intercepted by the RCMP. When they were found the seal was broken and a part was missing. They don't know we have the missing part (we were able to obtain it) and it is that part that will fully lay to rest the Airbus case. Because all the accounts one in there and there is no reference directly or indirectly to M.B. After this comes out there is no basis to continue the investigation on Airbus. I tell you again, Fred, ironically this extradition hearing will serve to kill Airbus in Canada with the combination of the document and the discovery in particular of Prost and Pellosi.

My conclusions:

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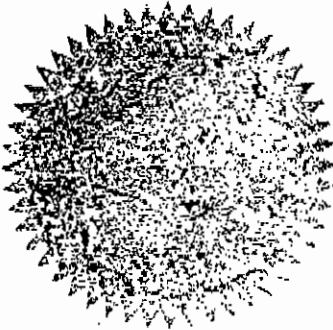


ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:

KARLHEINZ SCHREIBER

- and -



CANADIAN BROADCASTING CORPORATION,  
HARVEY CASHORE and LINDEN MacINTYRE

**AMENDED STATEMENT OF CLAIM**

TO THE DEFENDANTS

AMENDED THIS 15/00 PURSUANT TO  
MODIFIE CE 5/00 CONFORMEMENT A  
RULE/LA RÈGLE 26.02(1) A Plaintiff  
 THE ORDER OF DEFENDANTS  
 L'ORDONNANCE DU  
 DATED / FAIT LE  
 REGISTRAR GREYER  
 SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE

**A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU** by the Plaintiff. The claim made against you is set out in the following pages.

**IF YOU WISH TO DEFEND THIS PROCEEDING**, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

**IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO**

YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM, and \$500.00 for costs, within the time for serving and filing your statement of defence, you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$100.00 for costs and have the costs assessed by the court.

Date: Jan. 19, 2000.

Issued by: S. De Souza  
Local registrar

Address of court office: 393 University Avenue, 10th Fl. 20.  
Toronto, Ontario  
M5G 1E6

TO: Canadian Broadcasting Corporation  
250 Front Street West  
P.O. Box 500, Station A  
Toronto, Ontario  
M5W 1E6

Harvey Cashore  
c/o Canadian Broadcasting Corporation

Linden MacIntyre  
c/o Canadian Broadcasting Corporation



## CLAIM

1. The Plaintiff claims:
  - (a) as against all Defendants, compensatory damages in the amount of \$500,000;
  - (b) as against all Defendants, exemplary and punitive damages in the amount of \$1,500,000;
  - (c) pre-judgment and post-judgment interest pursuant to ss. 128 and 129 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
  - (d) the costs of this action; and
  - (e) such further and other relief as to this Honourable Court may seem just.
2. The Plaintiff, Karlheinz Schreiber, is a Canadian citizen. He is also a businessman carrying on business in many countries, including, most notably, Canada and Germany. He was, at all times material to this action, residing in Toronto, Ontario.
3. The Defendant, Canadian Broadcasting Corporation ("CBC"), is a corporation which carries on the business of radio and television broadcasting for general reception throughout the whole of Canada and elsewhere.
4. Each week, the CBC broadcasts for general reception throughout the whole of Canada and elsewhere an episode of the television program entitled "The Fifth Estate" on its national television network and rebroadcasts it on its "CBC Newsworld" service.
5. The Defendant, Harvey Cashore ("Cashore"), is a producer who, at all material times, was employed by the CBC. His responsibilities include producing "The Fifth

Estate" program. The Plaintiff states that the CBC is vicariously liable for the acts and omissions of Cashore, as pleaded herein.

6. The Defendant, Linden MacIntyre ("MacIntyre"), is a reporter, interviewer and producer who, at all material times, was employed by the CBC. His responsibilities include producing and acting as host and interviewer for "The Fifth Estate" program. The Plaintiff states that the CBC is vicariously liable for the acts and omissions of MacIntyre, as pleaded herein.

7. On October 20, 1999, the CBC broadcast over its national network an episode (the "episode") of "The Fifth Estate" television program. The episode was entitled "The Mysterious Deal-Maker". ^

8. Cashore produced the episode for the CBC. MacIntyre was the reporter and host of the episode for the CBC.

9. In the episode, the CBC, MacIntyre and Cashore broadcast or caused to be broadcast the following words:

MACINTYRE: We told how the European aerospace giant Airbus made secret payments aimed at making sure Air Canada bought some of its planes. We also introduced Canadians to the man who received those payments and allegedly channelled some along to others, Karlheinz Schreiber.

.....

MACINTYRE: But in all of the furore, crucial questions about the Airbus case went unanswered. Where did the secret Airbus commissions and money from oth November 23, 1990 ... But the benefits didn't end there.

Each time one of these spiffy new airplanes touched down to become part of the Air Canada fleet, people behind the scenes got a lot richer, thanks to a secret side deal and some creativity in a Swiss bank.

MACINTYRE: This is the story of a consummate middleman and how, on the one hand, he cultivated enormous political influence in Canada, and, on the other, convinced Airbus executives to pay him millions of dollars to help make the aircraft sale happen; and, in detail unknown to all but a few insiders, how he transferred large amounts of money into a series of special coded bank accounts at this branch of the former Swiss Bank Corporation, money that was intended for people that he believed to have corporate and political clout.

.....

MACINTYRE: Schreiber would tell German tax officials that he paid a lot of it out to a Canadian, who in turn spent much of it on useful expenses as permitted under German law. The Canadian was Frank Moores.... Frank Moores had been a close Mulroney friend and ally.

.....

MACINTYRE: And the Saudi deal would provide some striking new insights into Schreiber's banking practices, insights that would illuminate part of the Airbus money trail.

.....

MACINTYRE: The closer you look at the accounts where Schreiber kept the Airbus money, the more the secret of the Airbus commissions turns into a mystery that only Karlheinz Schreiber can explain. He's not likely to oblige, but his day timer and bank records drop broad hints that the mystery money could add up to as much as \$5 million..... July 26<sup>th</sup> Schreiber

transferred \$500,000 from that Frankfurt sub-account into a new Canadian dollar sub-account, with the number 46341.5 and the code-name "Britan"....

MACINTYRE <on camera, to Mr. Schreiber>: Have you anything at all to say about the "Britan" account? Anything at all to say about the "Britan" account, Mr. Schreiber? Can you tell us why you had code-named accounts naming Canadians, Mr. Schreiber? You don't want to speak to us?

MACINTYRE: But who is "Britan" supposed to represent? If Schreiber followed his previous pattern for code names, adding or subtracting consonants, Canadians could be forgiven for thinking it might yield the name Brian. The only Brian who has been publically associated with the Airbus affair is the former Prime Minister.

10. The words and images broadcast, referred to in paragraph 9, above, are untrue and defamatory in their natural and ordinary meaning and in the false innuendos contained therein. They mean and were understood to mean that Schreiber was a party to wrongful and criminal acts relating to illegal and improper secret payments or commissions, in particular to himself and former Prime Minister Brian Mulroney, in order to effect Air Canada's purchase of Airbus aircraft. In particular, the episode:

- (a) stated that the Plaintiff "channelled some [of these secret payments] along to others";
- (b) stated that people behind the scenes got richer from receiving secret commissions from a secret side deal relating to the sale of Airbus aircraft which, in conjunction with subsequent statements, meant and was understood to mean persons including the Plaintiff and Brian Mulroney;

- (c) stated that the Plaintiff received money intended for people that he believed to have corporate and political clout, which in conjunction with subsequent statements meant and was understood to mean Brian Mulroney;
- (d) stated that the Plaintiff provided money to Frank Moores whom the episode identified as having been "a close Mulroney friend and ally";
- (e) connected the alleged use of code-names for bank accounts for Canadians with the manner of in which payments were allegedly made to effect the sale of Airbus aircraft and stated that \$500,000 went to a bank account "Code name 'Britan'";
- (f) asked the Plaintiff questions concerning the identity of "Britan" and portrayed the questioning of the Plaintiff in a manner which implied he had something to hide and that if he were innocent of the allegations he would answer; and
- (g) connected the name "Britan" with Brian and in particular, Brian Mulroney.

11. Further, in the episode, the CBC, MacIntyre and Cashore broadcast or caused to be broadcast the following words:

MacINTYRE: Brian Mulroney's public spokesman responded angrily when he realized the interpretation that might arise from Schreiber's mysterious sub-accounts. Luc Lavoie.

LAVOIE: Karlheinz Schreiber is the biggest fucking liar the world has ever seen. That's what we believe.

12. Luc Lavoie is a public relations consultant who, at all material times, resided in Montreal, Quebec. Lavoie's words, pleaded in paragraph 11, above, were spoken by

Lavoie and, while Lavoie's voice was heard, visually appeared in the episode as a written caption.

13. As a result of the broadcast of the words and images pleaded in paragraphs 11 and 12, above, the Plaintiff was defamed. In their natural and ordinary meaning, these untrue words and images mean that Schreiber is the most mendacious person who has ever lived in the world, thereby conveying to the public that the Plaintiff is not to be believed and is not a person of honesty and integrity.

14. The Plaintiff is a businessman in Canada and Germany and a former judge in Germany. He has an excellent reputation for integrity and honesty and is known as a decent and proper, law-abiding citizen. As a result of the defamatory broadcast pleaded herein, Schreiber has suffered serious damage to his reputation and his feelings. He has been exposed to contempt or ridicule in Ontario, the rest of Canada and Germany. Full particulars of the damages suffered will be supplied before trial.

15. Further, an award of exemplary and punitive damages is warranted against the Defendants. The Defendants uttered and broadcast the words pleaded above recklessly as to their truth or falsity in order to increase the popularity of their program, viewership and advertising revenue. As pleaded below, no retraction or apology to the Plaintiff has been made. An award of exemplary and punitive damages is warranted to ensure that the benefits obtained by the Defendants do not exceed the compensatory damages awarded to the Plaintiff and to deter the Defendants from engaging in harmful defamation of the Plaintiff and others in the future.

16. On November 30, 1999, the Plaintiff notified the CBC about the defamation pleaded in paragraphs 11 and 12, above, and the damage caused to the Plaintiff. On December 1, 1999, the Plaintiff notified the CBC, MacIntyre and Cashore of the defamation pleaded in paragraph 9, above, and the damage caused to the Plaintiff. Despite being put on notice of the defamation and the damage caused to the Plaintiff, none



of the Defendants have retracted their words and none of the Defendants have apologized to the Plaintiff.

17. The Plaintiff pleads and relies on the *Libel and Slander Act*, R.S.O. 1990, c. L.12, as amended.

18. The Plaintiff proposes that this action be tried at Toronto.

January 18, 2000

GREENSPAN, HENEIN and WHITE  
144 King Street East  
Toronto, Ontario  
M5C 1G8

Edward L. Greenspan, Q.C.  
(416) 366-3961  
Fax: (416) 366-7994

- and -

HICKS MORLEY HAMILTON  
STEWART STORIE  
Barristers and Solicitors  
Thirtieth Floor  
Toronto-Dominion Tower  
Box 371, T-D Centre  
Toronto, Ontario  
M5K 1K8

David Stratas  
(416) 864-7280  
Fax: (416) 362-9680

Solicitors for the Plaintiff,  
Karlheinz Schreiber

**KARLHEINZ SCHREIBER**

-and-

**CANADIAN BROADCASTING CORPORATION, HARVEY CASHORE and  
LINDEN MACINTYRE**

(Plaintiff)

Court File No.: 00-CV-183664CM

(Defendants)

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

**AMENDED STATEMENT OF CLAIM**

**GREENSPAN, HENEN and WHITE**  
144 King Street East  
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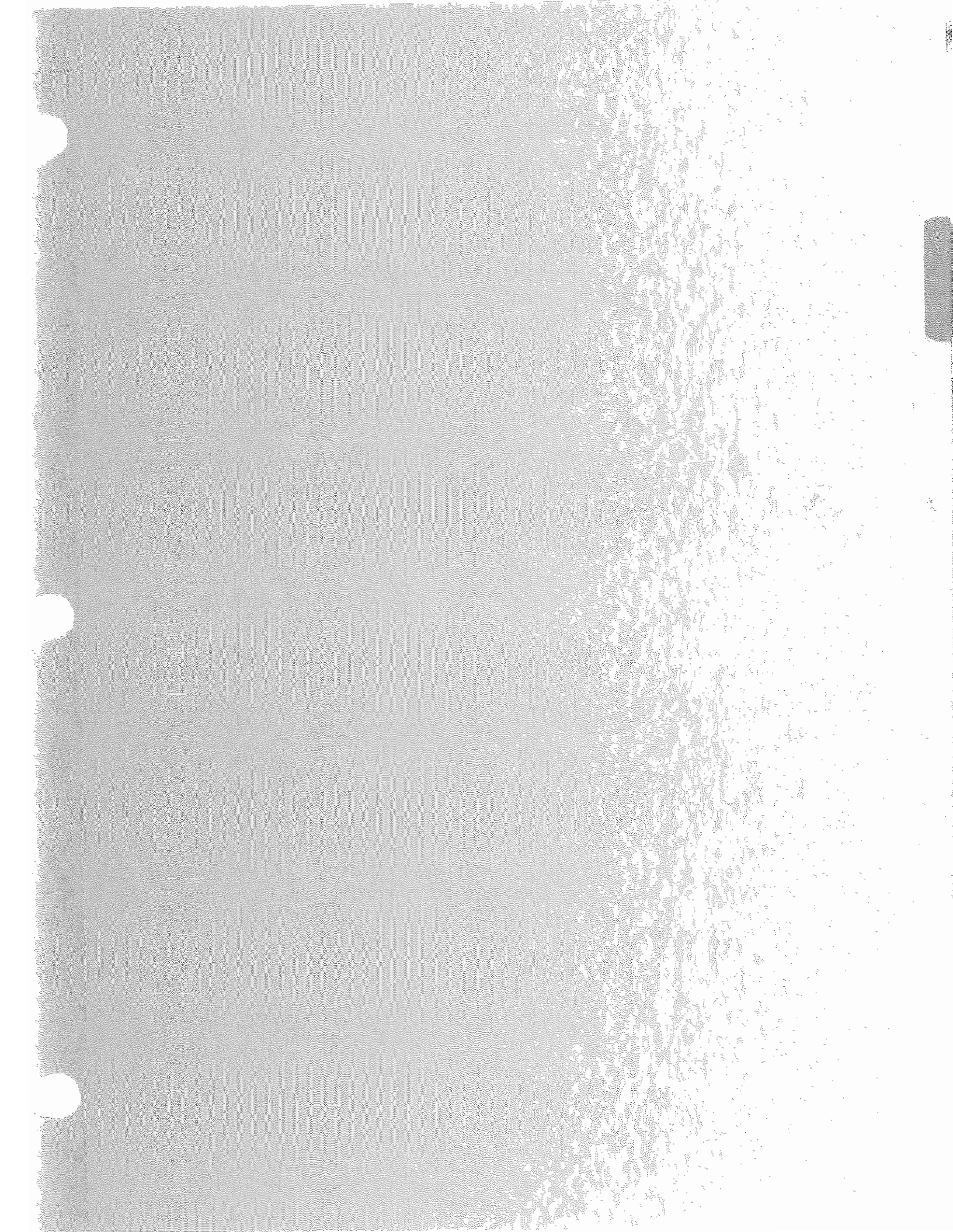
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Solicitors for the Plaintiff





## CHOPPERS, PLOTS AND COLD HARD CASH

FIFTH ESTATE

Broadcast Date: Wednesday, March 14, 2001

Time: 20:00:00 ET

End Time: 21:00:00 ET

Network: CBC-TV

VOICE-OVER ANNOUNCER: And now we return to the fifth estate.

LINDEN MACINTYRE (the fifth estate): Rumours of shadowy businessmen secretly financing a change in the Tory leadership were not uncommon back in the eighties. The revelation that right-wing Bavarian interests were involved in the political reorientation of the Canadian Tory Party add a disturbing new wrinkle in an old story. It's only emerging now because Karlheinz Schreiber's international wheeling and dealing has caused a lot of grief for a lot of important people back in Germany, including the former German chancellor, Helmut Kohl. Bonn, Germany in 1991: Helmut Kohl and Brian Mulroney, ten years later, have reasons to regret they ever heard the name Karlheinz Schreiber. But they once thought highly enough of him to give him access to important state dinners like this one. Today Germany is transfixed by political scandal, a crisis precipitated when Schreiber admitted handing a briefcase full of cash to the treasurer of Kohl's political party, the Conservative Christian Democrats, the CDU. Then more revelations that right-wing parties in Germany routinely received illegal contributions. There have been resignations, criminal charges, even suicide. The internationally respected Helmut Kohl has left politics, his reputation shattered by allegations of bribery. There are four separate parliamentary inquiries, and more than a dozen criminal probes, charges of bribery and tax evasion and secret money trails, trails that often either begin or end in Canada. Parliamentarian Frank Hoffman.

FRANK HOFFMAN (German parliamentarian--translated): Canada plays a central role in our investigation. We are mostly interested in the money flow from Canada to Germany, but I do not exclude the reverse--that money flowed from Germany into Canada.

MACINTYRE: German prosecutors and parliamentarians are poring over thick binders packed with documents. Karlheinz Schreiber has already been charged with bribery and tax fraud involving millions of dollars, and, from Toronto, is fighting German legal efforts to bring him home to face trial.

HOFFMAN: When people like Karlheinz Schreiber spend money so that the government acts in a certain way, then democracy is undermined. Then people like Karlheinz Schreiber and their money determine public policy, and no longer the people. And that is not tolerable in a democracy.

MACINTYRE: One of Schreiber's German lawyers is Yanolef Leisner [sp?]. They rejected German charges that he evaded taxes, they insist he never kept the money the Germans want to tax, he was just a conduit who funnelled money to informed decision-makers, which is legal in his native Germany.

YANOLEF LEISNER (lawyer for Karlheinz Schreiber): Mr. Schreiber's position in the tax case is the was a middle man who acted on behalf of decision-makers who received money from German companies who are interested in different investments in, for example, Canada or wherever.

MACINTYRE: And that is a fairly conventional process in European business, that people like Mr. Schreiber facilitate between companies that want to sell and the buyers who want to buy.

LEISNER: You can't call it conventional, but it's necessary for those people who receive the money, because they want to stay unknown.

MACINTYRE: The decision-makers.

LEISNER: The decision-makers.

MACINTYRE: And when you use the phrase "decision-makers," are we talking about Canadian decision-makers?

LEISNER: In the certain MBB deal we were talking about, we are talking about Canadian decision-makers, yeah.

MACINTYRE: Decision-makers is a broad category. It could include civil servants or politicians or anyone in government. For now, **Schreiber** wants to keep the authorities guessing on both sides of the Atlantic. [speaking to Mr. Leisner] In German there's a wonderful phrase: "?".

LEISNER: Yeah.

MACINTYRE: Give me the translation.

LEISNER: The translation is "lubrication money."

MACINTYRE: Lubrication money. Makes the wheels of business...

LEISNER: Yeah.

MACINTYRE: Can you explain, as you know, from Mr. **Schreiber**'s point of view, just what his role was in the MBB deal?

LEISNER: Mr. **Schreiber**'s main role was to protect the recipients of the lubrication money.

MACINTYRE: People who brought the "?".

LEISNER: That's correct.

MACINTYRE: Explain how he provided that protection.

LEISNER: Mr. **Schreiber** protected them by making every payment anonymous.

MACINTYRE: Deep in the belly of the German finance ministry in Berlin, a huge and impenetrable vault protects that anonymity for now. Thousands of boxes, tens of thousands of documents carefully stored in vaults like this, will eventually yield answers to important questions that ordinary Germans are asking about the integrity of their political institutions. Ironically, these same boxes could provide answers to similar and equally significant questions about the Canadian system, questions that Canadians haven't even begun to ask. But when they do begin to ask the questions, this is where they'll want to start. [speaking to ] A number of important politicians in Germany have come to grief; you've been a part of the downfall, I mean, things you've said, business you've done. How worried are Canadian politicians who may think that they may encounter the same fate?

**SCHREIBER**: I bribe nobody ever in Canada.

MACINTYRE: But you were generous.

**SCHREIBER**: Yes, I was always generous. If you want me to disclose to whom I gave donations, it would become a book like a Bible.

MACINTYRE: You've given a lot of money to a lot of people.

**SCHREIBER:** Sure.

**MACINTYRE:** Why are so many people afraid of being identified?

**SCHREIBER:** Because they see the—I can only guess—they see the mess today, and then they think, OK, when I got a donation from him, I may be in the same mess.

**MACINTYRE:** It's been almost twenty years since the Canadian Coast Guard went shopping for twelve new helicopters. For seven years the RCMP have been investigating the deal. A German political scandal has overtaken the Canadian probe—but maybe not for long, a worrying prospect for those Canadians who have so far been sheltered by the silence of Karlheinz **Schreiber**. We'll be keeping an eye on this story as it unfolds. Stay with us. The fifth **estate** will be right back.

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Length: 981 words

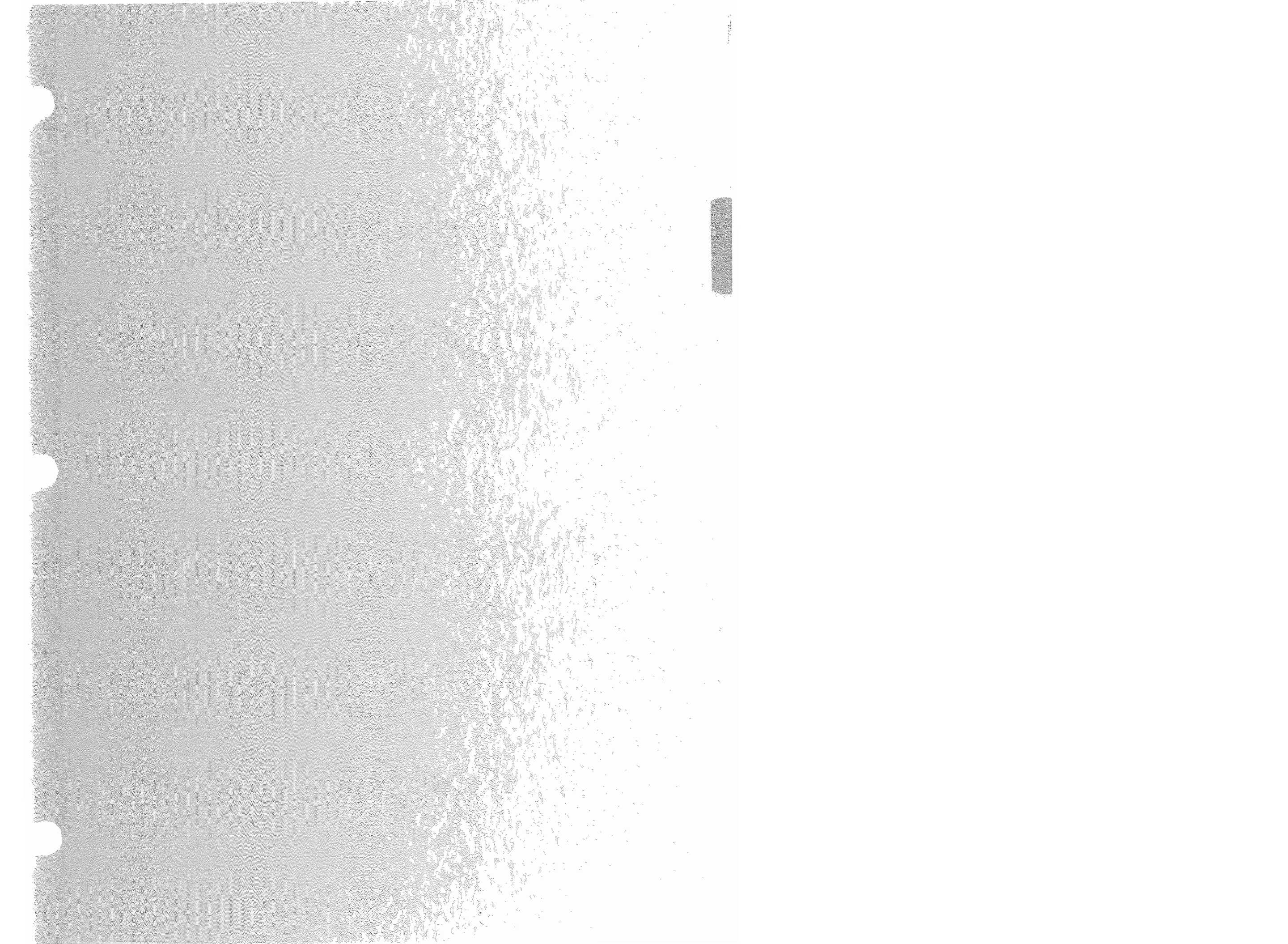
Guest: FRANK HOFFMAN, German parliamentarian; YANOLEF LEISNER, lawyer for Karlheinz **Schreiber**; KARLHEINZ **SCHREIBER**, German businessman

Tone: Negative

Audience Reach: 656,000

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# SUPERText

**RCMP/GRC "A" DIVISION A**  
**Commercial Crime**  
**Délits commerciaux**

**Project/projet A102**  
**File/dossier: 95A517**

## EXHIBIT INFORMATION

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## COMMENTS:

**CONTINUATION REPORT**

**RAPPORT DE CONTINUATION**

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Y-A.  
95A-517

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01-12-18 1150 hrs At Superior Court regarding the Eurocopter Unsealing issues. Those present included Karlheinz SCHREIBER (KHS). KHS indicated to S/Sgt. ALEXANDER that he wanted to speak with me and had something to give to me. KHS gaved ALEXANDER a business card with the phone numbers (416) 578-4022 and fax (416) 935-1418 on it, and the address of 1454 King St East, which I believe is the address of his counsel, Ed GREENSPAN.

When Court adjourned and everyone was leaving the Courtroom KHS caught up with me and indicated he would like to speak with me. On the escalator down from the 6<sup>th</sup> floor I indicated to him that he did not have to speak with me and asked if he understood that. He indicated that "it is my choice" and he wanted to have a coffee or lunch with me. We proceeded out of the courthouse and walked to the Colony Hotel nearby. KHS asked ALEXANDER to leave just the 2 of us to talk. We chose a booth in the hotel bar and ordered coffee.

KHS asked that we keep the conversation between just the 2 of us and that neither of us "use" anything said unless each other agreed. I responded that I would not use what ever he said directly without checking with him. Later he said I should ask the Germans about several points, but not tell them he had been speaking to me. He also alluded to our conversations the night he had been arrested. He said that he had said to us that night exactly what he wanted to tell us, no more, and with no regrets.

KHS had notes of what he wanted to tell me, and followed an internal script moving from (his) point to point. When I asked a question that moved things ahead faster than his script he just said we would get to it in time, and return to his planned talk. Often he would check with a handwritten sheet with notes of topics on it, which included my name.

My belief was that he clearly intended to convey several messages to me, but that their content and purpose would have to be looked for in the text,

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Investigator - Enquêteur A.K. Mathews		Date 01-12-19	SUPERVISOR SUPERVISEUR	Signature <i>A.K. Mathews</i>	Date	
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1624 (1998-02)

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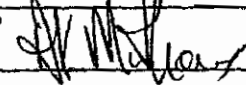
and are not at all plain to see.

We spoke for 110 minutes, with almost all the conversation from him. He began by talking of how much people came to Canada motivated to do so because of the reputation of the RCMP, and of how he would never want to hurt the Force. He had great respect for us and our work etc etc.

He then spoke of the use of "NA"s in Germany, so called "useful expenditures" (his translation). He indicated that these were legitimate business practices, recognized by the German tax system and sought after by companies to offset against taxes. KHS said the only criteria Germany put on them was that they return an economic benefit to Germany by way of taxes and /or jobs and/or profits, and that they had to be paid to foreigners and outside of Germany. He claimed that they were often discussed between the company and the tax auditors, and that all the company had to do to satisfy the German tax rules was to declare they had been paid as above. The company did not have to even say who they were paid to. Further, that it was important for the companies to properly identify "NA"s as it was a deduction for them, no identification, no deduction.

We briefly touched on the morality of "NA"s and bribes, with KHS claiming that in Germany a gift to an employee was perfectly fine so long as a supervisor knew of it. The difference, KHS said is when it is hidden in a "second envelope" or in an envelope that "goes to the wife".

KHS spoke of the "NA"s and other aspects of the Saudi/Thyssen deal, including a general criticism of the current German tax and criminal case against the Thyssen executives now ongoing. He asked, if the "NA"s were in the 200 million DM area, wouldn't the company know what they were for and wouldn't the tax auditors have known as well?

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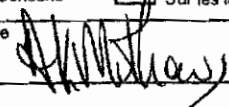
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He also repeated an old story about how the deal had been approved by various big name German politicians and Generals, and had the blessing of Dick CHENEY, George BUSH and General SCHWARZKOPF of the USA. As an aside he claimed to be able to go into the Pentagon without a security check, suggesting the level of clearance and contact he has in the American administration.

On the subject of the bribery of PFAHLS (who, I indicted to him is still on the run, a subject he did not respond to), he said that it was not necessary to bribe him. He repeated an old story that the Germans and Americans desperately wanted to get weapons to the Saudis, that no one had to be bribed. He described manoeuvres in Germany to trade old used Germany army equipment to the Saudis in exchange for new Thyssen equipment, so how could Germany have been a victim.

On PFAHLS, KHS said that he first encountered him when he was trying to get MASSMANN as the head of BEARHEAD. MASSMANN was in trouble for some technical security violations regarding not properly controlling access to equipment plans (*he had them at his residence I think*). To free up MASSMANN and given him a clean bill of health KHS needed a security investigation/exoneration, so he ended up at PFAHLS' office (through Franz Josef STRAUSS) and the investigation/exoneration was obtained. After that a relationship with PFAHLS developed, but not important so why would he have had to pay PFAHLS 3.8 million DM. KHS raised, but then immediately redirected the issue of the 'rubric' or coded accounts and his diary entries referring to various "code names". He raised the use of "Waldherr" as meaning that for KIEP, as treasurer of the CDU party (presumably meaning that the money in that account was intended to be political donation money).

On the Canadian Thyssen deal, he simply referred to "that fucking FOWLER" who allowed Canadian boys to ride at risk in obsolete

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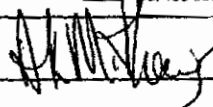
equipment.

At one point he indicated Marc LALONDE's involvement, and changed the subject in mid sentence to AIRBUS. He said that LALONDE put the deal together (*not clear to me if he was speaking of Thyssen or Airbus*) and that the only fix on the Airbus deal had been to get Max WARD routes to Europe

He briefly allowed the discussion to turn to MBB's "NA"s, indicating that the company was Bavarian owned then, and now Premier STOIBEL, then Minister of Finance, sat as chair of the MBB board. (*Not quite the case*). KHS suggested that STOIBEL would have known of the "NA"s to be paid and would have directed PFLEIDERER to pay it based on his assessment of German jobs and taxes to be enhanced. (*Our evidence from MBB witnesses is that, at least in 2001, they are willing to lay the blame for the agreement and payment at the feet of PFLEIDERER as kind of a rogue director. Certainly STOIBEL has not been brought up before*)

When I asked about his lawyer's statement that bribes had been paid to Canadian decision makers on MBB, he took this to be a reference to the *Fifth Estate* show and claimed that the lawyer was referring to payments to Frank MOORES, whom the lawyer thought to still be a politician in office (*an absurd claim for KHS to make, as he confirmed the man is still his lawyer*).

Without saying he did so himself, he went on to talk of the need for anonymity of the "NA" payments and that the way to do this when paying a bribe was to go to your bank in Switzerland, withdraw cash, probably change the currency it is in, and deposit it (by inference, on instructions from the recipient) into a numbered account at that bank branch. He told me this would both ensure to the bank that the money was from a clean source (ie another depositor) and that the used of cash, currency

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exchange, and deposit would hide the recipient. I asked about the deposit slip that he could get as receipt for the deposit and KHS replied in words to the effect of "do you think I would be stupid enough to keep a record?"

He spoke further about the anonymity and lack of a record as being a risk to the middleman because people would sometimes try to repeat the experience on issues in which no bribe would be paid, and he indicated that he had to take protective actions to ensure he was not at physical or financial risk, indicating both the danger of harm, and of surreptitious approaches to elicit confidences (lifting his jacket to simulate talking into a microphone).

KHS also touched on issues such as his legitimate residency in Switzerland, claiming to have sought residency there in (August?) 1994, before the German tax investigation began, and he linked this to his turning 60, claiming the Swiss would not grant a residency permit until that age even though he had extensive business there. KHS said this to explicitly show that he did not "flee" Germany but that this was a planned decision before the investigation got close to him.

KHS spent some time on telling me how my charging Eurocopter would have a deleterious effect on a number of parties, not just the company, and that, by the way, I had no Fraud charge to make anyway. He rationalized the latter not because Canada never paid for the after-the-fact commission cost, but because "NA"s were a legitimate German mechanism, and to charge Eurocopter would bring down the wrath & retribution of the company, its foreign owners past and present, including Eurocopter Deutschland, DASA, Daimler, France, Germany and Bavaria. He several times repeated that if there was a Fraud it was committed by Bavaria as much as anyone else and he expected be to see the absurdity of trying to take that on. He suggested that when the politicians (in Canada) were faced with the foreign reaction they would abandon us.

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This part of his message was that we were swimming in deep water and couldn't see the sharks, but that they were there nonetheless. (My words, his message).


The next part of his message was that PELOSSI would be destroyed once he got on a Canadian witness stand. KHS referred to PELOSSI's recent testimony in Germany, noting that the defence had made him take the oath at the end, which is unusual in German cases, and that they did so because once it was proved he had perjured himself he would be liable to lengthy prison time and having done so under oath.

KHS insisted on telling me of discovering from NEUTRA FIDICUIA (ph) record holder (a subsidiary of Ernst & Young) a copy of a 1975 Representation Agreement between NEUTRA and KENSINGTON, signed by PELOSSI, indicating that PELOSSI and not SCHREIBER was in control of KENSINGTON).

*(Note: PELOSSI used to work for NEUTRA. Also, PELOSSI and /or FMT his company after NEUTRA signed Representation Agreements with, for example the General Trust Company on behalf of IAL, so the use of such an Agreement or PELOSSI's signature on it is not, at first glance, unusual)*

With this fact, KHS is still fighting the German battle of who is the beneficial owner of the various companies, which in part depends on a court accepting some of what PELOSSI claims is the case. KHS clearly believes that the goal of the RCMP investigation that he sees in the Eurocopter investigation is to get him, not to follow evidence or to deal with Eurocopter on its own merits.

KHS also had a note of his ongoing Alberta QB court case, with a blank list of witnesses for discovery, numbering 10, with the names of PROST, FIEGENWALD and CAMERON written in. He hinted that others would be

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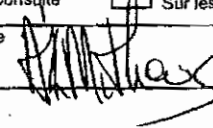
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added, indicating it was part of a plan (*note: while various witnesses can be examined on discovery on a civil case, the number examined is limited and usually agreed to by the parties, although a judge can ultimately direct, in any event the Crown as a party is unlikely to simply acquiesce to adding witnesses without a crack at KHS as well. This is different in the case proper when subpoenas can be issued for may more. As far as I know Discovery has only got as far as PROST & FIEGENWALD*).

KHS linked the Alberta case with the recent Ontario Cour of Appeal victory defeating the Stay of Proceedings ordered in his action for damaged against Canada and Germany for his Extradition arrest in 1999. KHS suggested that his victory was inevitable once all these actions were rolling and that the RCMP should get out of the way if it didn't want to be caught up in the destruction of his Canadian and German enemies.

Regarding the 1976 organizational chart that PELOSSI said was their profit sharing deal, KHS said that it was a proposal by PELOSSI to create an organizational grouping, not KHS's idea, but that the 20% profit promise was just that, a 20% promise if that arrangement succeeded but that it did not. KHS said that in the Liechtenstein court cases between he & PELOSSI, PELOSSI was asked, if he was auditing KENSINGTON's books over the years, why he didn't build this 20% in as a liability of the company from year to year, rather than create the arrangement that he eventually did between IAL and ERFEL. (*I do not recall PELOSSI claiming that he audited KENSINGTON's books, rather that this was a PAGANI responsibility, but this begs the question I suppose why not pursue this in an accountant's way - PELOSSI has already given a practical explanation - there were not profits from 1976 to 1986 so why bother.*)

KHS provided me with an Italian and English copy of this affidavit, and of several press articles dealing with PELOSSI's recent testimony.

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A number of times in this conversation KHS took the opportunity to suggest that the German case against him was a job by disgruntled or rogue prosecutors and investigators, that it had no reliable evidence and that the German tax regime was in his favour. He did not allude to, or speak of our own investigations in Germany.

At the conclusion of our meeting KHS offered to speak again and that we could call each other as needed.

01-12-19

Today KHS left me a voicemail to give me tell me that what his lawyer referred to "decision making side" he was speaking of CHC (Canadian Helicopter Company) of Greg DOBBIN which Frank MOORES was involved with on the Board and George BUSH, and is the biggest helicopter company in the world. *(This, of course, does not really deal with the issue of the lawyer statements)*

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# Interview with KHS by Kaplan

Discussion with K. Schreiber & Eddie Greenspan on April 29/02  
at E. Greenspan's offices in Toronto

He told me that he had the goods on Mulroney, Fowler and others. He referred several times to \$40 million dollars being spent in Canada but insisted that there was never any bribes. He also repeated that he had never bribed anyone. He talked about wanting to sue the Mulroney government for the cancellation of the Bearhead contract. He referred to the opinion he received from Ian Scott but explained that he didn't go ahead with the suit because Thyssen refused to give him permission.

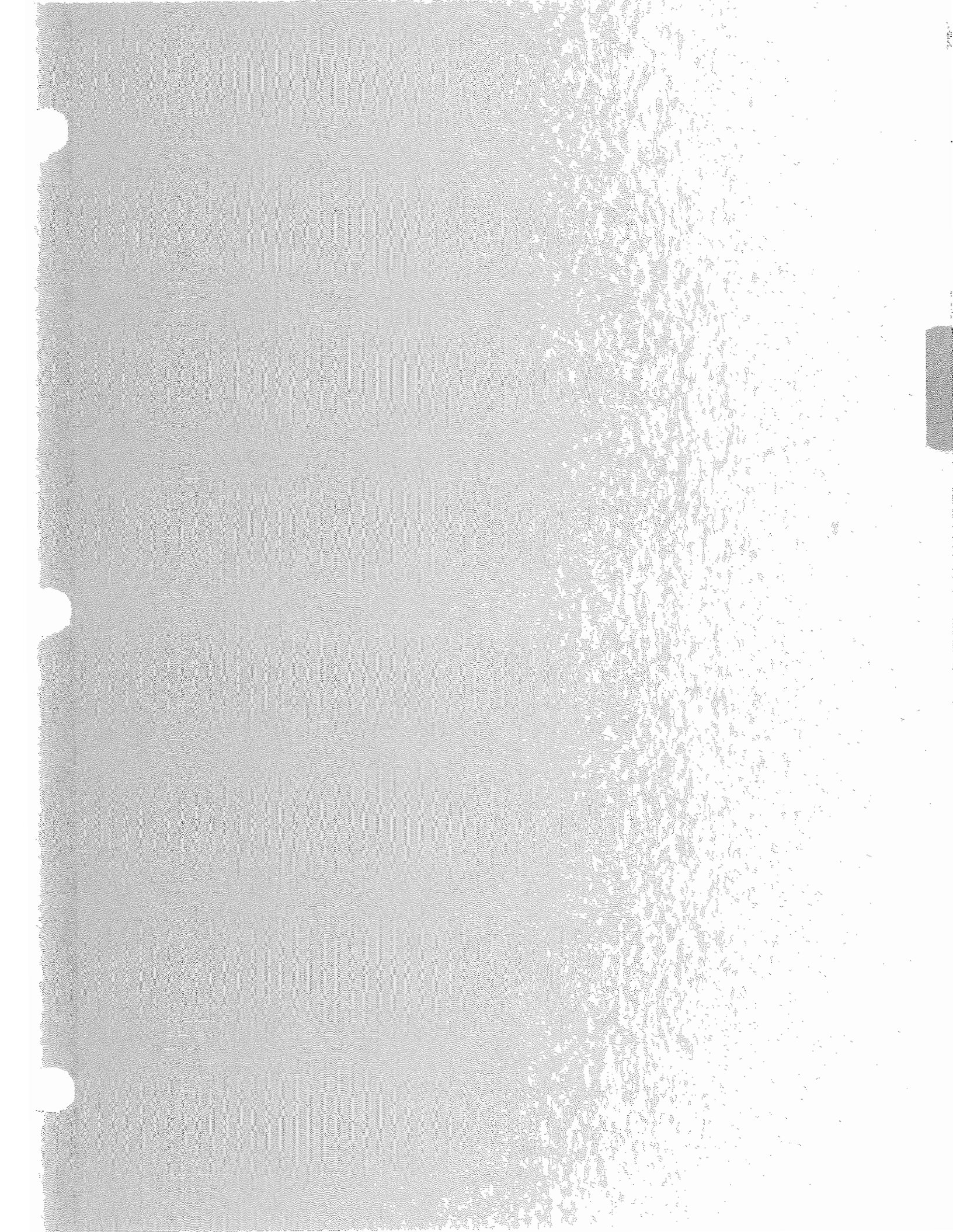
He spoke at some length about what a shame it was that the Bearhead project never proceeded and discussed various armaments which I was led to understand the Canadians ended up with which have proved to be totally unsatisfactory for protecting them in Canada and abroad.



I told him that I knew about the meeting at the Queen Elizabeth Hotel and his eyes narrowed and focussed on Eddie but he said nothing. He then said that I knew that from the transcript and I told him that I had independent information about this. We talked some more about Mulronev. He said that one day he wanted it all to come out.

We could have got a great thing going. A peace keeping machine designed for NATO and the Commonwealth. I think the Americans would even have agreed to buy some since Canada was always involved with peacekeeping missions. The Canadians could have made something out of it. Cape Breton was 70 kilometers from the Hamburg shipping line.

Joe Clark tried to kill the project from day one. That was his interest because it was the interest of GM and in the interest of the Province of Ontario. I do not believe what Barbara MacDougall says that the Jewish community was opposed. I think that is simply an excuse dreamed up after the fact that justify what they had done. And what they had done was to support GM Diesel Division. I can show you correspondence in which the Jewish community actually supported the deal. Indeed Franz Joseph Strauss, he was the one who arranged the first weapons delivery to the Israelis to defend themselves in the War of Independence.





# **SUPERText**

**RCMP/GRC "A" DIVISION A  
Commercial Crime  
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## **EXHIBIT INFORMATION**

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(11)

except for the meat sauces which we will make here in Canada, the machines are made in Switzerland it will be easy." I speak to him for a while about the position of outlets in the UK, pointing out that there are not the same type of Malls and that retail space is relatively expensive and ask him how this would sit with Sainsburys. "I have not made an agreement with them yet." "If you did would you still be able to deal with someone else?" I asked. "Yes Yes I would not do an exclusive with them - anyone." "What about the machines do you have exclusive on them?" "Yes" he said, "we have the factory and control them all." After a pause he went on "We have given machines to Lufthansa because they have been our very good friends and there are machines in Zurich. You know I told you that our pasta is special, well the pasta is like glue, you know it took the submarine technicians to solve this, the machines also have counters inside, there is no possibility of fraud, there is a counter for the pasta amounts and the sauce packets. They tried this in Zurich with their own pasta and it glued the machine. Also in Germany the Lufthansa machine started working by itself it was the signals from the Railway making it work." (Laughter from all three of us) "And in Switzerland the cable car also affected it!" "Sainsburys are interested in this as part of the home food meal replacement concept." "Yes I see" I said. I explained

(12)

2

that although they were not the biggest of the top five supermarkets they putted themselves on quality and it was a complement in a way that they were being so persistent. KHS ended "yes you know I have told you that we have chefs like Mossman they also have a chef who is always on the television." I agree. Sometime during all this Mrs KHS goes back to the counter and returns with another pasta dish with sundried tomatoes. I ask KHS "Can I keep this prospectus?" "This is the only one with me, I don't want to have to go back to the office, give me your address so I can send you all the details." I pass him an STOP business card and on it write my UK mobile number +447748088258. As I pass it over he again says, that he likes and trusts me and wants to give me this chance first. I tell him that I will look at it and also pass it to my accountants. Then abruptly he says "So, how is your business in Canada, what's happening?" "Well," I say, "it's very interesting, as you know I've been away for the past couple of months in Pakistan, there are a number of issues. But by chance I have spoken to some Canadians which is connected with Canada's growing involvement in this way, now the logistics is very important, the logistics and the accommodation that is the housing for not just the military but also for refugees. It's not sufficient to provide tents, it's not healthy it's not dignified. The system Canada has is a semi rigid expanding



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2a

\* "Also think of this, maybe they are trying to get you in jail out of the way to protect the first contract." I look at him and laugh "I hadn't thought of that but I don't think so, do you really?" KHS laughs and shrugs his shoulders "who knows." Then he said



(14)

3

container system." I explain the size and application and they both nod. "The Canadian system is not very efficient for a number of reasons, I spelled out these points out there and was directed here to a senior public official. Now it's been made quite clear to me that if there was another product following my description then a contract would be most likely be given over the existing contract. But I have the distinct impression that regardless of the product will both the new agreed Canadian and U.S. defence budgets with the amount of anti-terrorist money from September 11th the contract is mine for a consideration. Now if this was Africa or Asia I would know exactly what to do next but this is Canada." KHS stared at me without blinking for a short time maybe 3-4 seconds. Then he said, "I know exactly what you are talking about Sam. But let me tell you, you have to be careful, scratch the skin (making this gesture to his face) and see what's underneath." Then "They're stupid, listen you can always deal with a fox, there is nothing there to fear, you can understand their cunning, but some one who is stupid no, do you understand what I mean?" "Yes" \*

"Look if you have something then I can introduce you to some one who will know who to speak to Mark Lalonde, you know I have mentioned him, but you know these people do not care for their soldiers, they will look after themselves first. In the gulf war they took

weapons from the museums for the frigates. They were going to send soldiers with 50 year old rifles which a 7.62 bullet would go through. They do not care for the life of their soldiers. I will tell you I was with my good friend Frank when he took the ministers of defence like this "KHS holds up both hands in front of him as if to strangle someone, "You will be killing them and I will do the same to you." "And you know they only sent a couple of F10s or something no soldiers." I said "Who makes the decisions is it the ministers?" KHS shakes his head "No No it is very messy there is the how do you say it - the privy council - and the deputy ministers, it very quickly goes from the DND there is also EPS." I said "Are the deputy ministers politicians?" "No, bureaucrats, and they have little pay, these make the decisions." Then looking at his wife "If you knew the days - weeks we entertained generals and others and they would say everything was fine and then nothing. I am telling you this because I trust you. Do not trust them." "Look I understand business when you present a product and it fits the requirement or if it doesn't you take it away and adjust the price or specification and bring it back and try again but this does not seem to be the case here." Both of them are nodding "You know what has happened in Germany?" "No", I say, KHS "The

16

5

lawyer from Thyssen has said in the contract that if they did not pay the extra then they would lose the contract with Saudi Arabia. And MBB too. How can they get another contract in that world if the purchaser thinks that the whole contract will be revealed in a German court and they will be called a criminal? The judge was shaking his head, he could not believe it! And I tell you another thing about my victories, you know that Pelosi? You know for years they have said that I had made all these companies to launder money. Well now he says he has never seen any of this in the companies. And he is the accountant. Why I ask myself has he changed the story? Then I understand if he says that there was money laundering then they must arrest him and also there can be a case against the police because if they know there is criminal activity they must prosecute. So they have tripped themselves up."

You know I saved Airbus, to survive we had to have the North American market. In those days we could not fly the Atlantic on two engines, so it had to be in N. America, and you know there was no gold bribery it was just a very clever deal. At various points in the afternoon KHS made reference to his book. His first reference was to the fact that Kae Heman was in Thailand.

6

researching KHS's time there. I ask him  
 1) if it's finished. "No not yet, but it will  
 be ready for the election, everything is  
 going as I wanted, the EDCA have  
 made Stoiber the leader which is what I  
 want." He looks very happy, I say "So  
 you support this man?" "No, No, I will  
 destroy him, he is like Goebbels you know  
 he calls his office..." Then says a word  
 in German I cannot remember. I say "I  
 do not understand the significance of this"  
 "This is what Hitler called his office, the idiot!"  
 KHS then launched into a very animated tirade  
 against Stoiber which was partly ~~just~~  
 "garbled". Then "You know I have some  
 real dynamite which is missing from the  
 book." "So will you write another book?"  
 Both of them laugh, "No, No, I mean  
 that there are gaps to fill in, I will  
 give him these at the end of the book to  
 put in!"

At some stage around 1600 hrs I turn to  
 Mrs KHS and apologise for seeming to exclude  
 her from the conversation. "No not at  
 all, it is all interesting." KHS then says, "I  
 like my wife very much and I like to be with  
 her when I can. Some people have wives  
 who stay at home others like to be with  
 them as much as possible which is why  
 she looks at the figures and she is to  
 be involved in this charity of ours." A little  
 later KHS says that he will drop me at the  
 airport and we get up to leave. As we do

18

7

I say that I want to buy some take out pasta to take with me. KHS insists on buying it. I chose 6 sauces with the pasta. As we leave the mall KHS returns to the pasta business and recaps on the previous conversations frequently taking my arm or putting his arm around my shoulder. Just as we leave the mall he says to me "Sam if you want to go ahead with this other business be careful I can help you but I must stay in the background. Then as we get into the car he says "I know that you are very polite and quiet, but I can also see that you are intelligent and with all the things you have done and the places you have been there must be another side to you, am I right, you must have this other side for deals in Africa and these places?" "Yes true" I answer. He seemed content with this. Most of the rest of the journey was taken up with finding the correct route to the airport.

Previously at a point in the afternoon when I was talking about the contacts I mentioned that I had done some business in Africa and had brought that payment which was in diamonds to Canada; and as I had large financial assets here I was thinking of using them to finance this deal. I also mentioned that this was the last time I saw Michel Coqper. "Look" he replied, "Hes ok but if any one of them knows I am one with Coqper they will not deal with you."



(19)

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I reply "No, I just remembered it was at the same time, he is not part of any of my business."

We arrived at the airport at about 1705 hrs. Both of them got out of the car to say goodbye. I told KHS that I would be travelling for at least the next two weeks and would not be able to look at his offer. He shrugged his shoulders and said that there was no rush. Then he stretched out both arms and gave me a big hug wishing me a safe journey and to call him anytime. They both got back into the car and we all waved as they drove off from T3 Departures Toronto Airport at about 1708. Notes end at 2300. Redacted

Redacted

14/01/02 On reviewing my notes at 0600hrs I noticed that I had missed out part of a conversation with KHS and his wife. Shortly after I had apologised to Mrs KHS for excluding her from the conversation I asked them if they had yet seen any Euros "yes" said KHS, "the other day." I took out a 10 Euro note from my wallet and said "This is from me changing my last D Manks, have it as the first of many more that you will make." KHS smiles and gives it to his wife who says thank you. There was a general conversation about the Euro and the high value notes in particular but KHS soon brought the conversation round to his high regard for his wife. Redacted

Redacted





## **Interview with KHS by Kaplan**

Interview with KHS Feb 13, 2004.

He told me that he went to see bm at harrington lake and did so at bm's request. Bm sent a car to pick him up. Discussed the bearhead project. Bm told him that kim campbell would be elected and he could help with the project at that time. Told me that he did not realize at that time that the government had decided against the project and pointed out that he had a signed contract to proceed that he could have sued on but that thyssen decided against doing so. Mentioned at some point that his commission for the project would have been about 18m. Went on at great length about the benefits of that vehicle to the cdn military and how it would have made our soldiers more safe, would have led to real development in the strait of casno, possibility of a free trade zone, numbers of people who sent in resumes etc.

Told me that he paid bm at a hotel suite near the airport in mtl. He suggested that he had been told that bm needed the money and I asked him what bm said when he handed over the cash and he said that he said "thank you." started laughing at bm's explanation that it was for pasta, as there was no pasta business at that time. The first payment 100k, another payment at the Queen Eliz hotel in mtl and the third payment at the Pierre Hotel in NY. Bm had the runs at the time and kept having to go to the can, except he was able to stay long enough to scoop up some more cash.

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Told me that he has given lots of money away to a lot of people, eg  
fred doucet.

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## **Interview with KHS by Kaplan**

Interview with khs at four season march 6, 04

asked him about the britan account, said that britan was breton. Said that when he met mbm at harrington lake mbm said that kim campbell would be reelected with a majority and then there could be progress on moving the proposed facility to pq. This kind of pissed off khs because they had done a lot of work in cape breton and had even posted ads prior to the last election and got some 800 replies and then nothing. He had no idea that the bureaucrats were working against him and that mbm was too. Found that out later. Said that de chastelain and spector were big pricks, so was fowler. In any event, thyssen had by that point spent more than 10m on the project, and he spoke to them and they agreed to spend 500k more and that was the breton or britan account. I told him that the pattern of withdrawals seemed to correspond with payments to mbm. He refused comment on that. What he did say however was that he could not understand why mbm was so self-destructive. All he had to do was say it was a loan. Mb m needed money at the time, he was trying to sell his furniture and all he had to do was say that khs gave him the money for his future help on bearhead. Apparently khs had some idea that mbm would spearhead the peacekeeping part of the initiative. Mb m could have just said that. Khs has no idea why he made into such a big deal.







**CONTINUATION  
REPORT**

**RAPPORT DE  
CONTINUATION**

OCCURRENCE NO. - N° D'INCIDENT  
Y-A.  
95A-517

RE - OBJET:  
PROJECT A102  
Eurocopter et al

DATE	TIME HEURE	ACTION TAKEN - MESURES PRISES
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04-03-25

This is further to the 1624 regarding the call from Bill Kaplan, in which I said I was planning to approach to Mr. Schreiber, in view of his garrulousness with Kaplan.

1320 hrs

Following an exchange of voice mails I contacted Schreiber in Toronto.

I told him that I wanted him to listen to a proposal which I wanted him to think about and to discuss it with his lawyer as is saw fit. I told him he didn't have to speak with me at all.

I told KHS that I had been speaking with Bill Kaplan, who told me that his new book will detail the payments by KHS to Mulroney in detail, in 1993/94, and that Kaplan had indicated he had spoken to KHS to obtain those details. (Note: KHS never quite confirmed that he was Kaplan's source). I wanted to speak with KHS and get his account of those payments before the book was released.

KHS said "I don't know why but I like you" He said Kaplan was "pissed off like hell" about his last story in the Globe not getting any response and his ego was hurt. KHS said that he (KHS) wanted to put things right. He said that Mulroney had said to KHS that he ought to move his business to Quebec when Kim Campbell had a majority government. Later in our conversation KHS said that despite what Kaplan had said in his article, there was no spaghetti business in 1993 (as a reason for the payments to Mulroney).

KHS said he would be happy to sit down and tell us a few more things. He reminded me of our meeting at the Westin hotel (Jan, 2002) and challenged me to say that anything he told us then was a lie. He said he could tell me a thing or two.

KHS repeated that Kaplan was hurt - but what did Kaplan expect of people - no one is going to sit and read 3 pages of the Globe & Mail every day. KHS pointed out a mistake in Kaplan's book "Presumed Guilty". He said Kaplan might be disappointed in his book sales, especially when you consider the mess the Liberals have left us in.

<input type="checkbox"/> Concluded Enquête terminée	Date Complainant Notified Date d'avis au plaignant	SUI E.C.E.	D.D. - D.A.	SUPERVISOR SUPERVISEUR	<input type="checkbox"/> Consulted Consulté	<input type="checkbox"/> Attended Sur les lieux	<input type="checkbox"/> Advised Avisé
Investigator - Enquêteur A.K. Mathews			Date 04-03-25	Signature		Date 04-03-25	
COPIES TO - COPIES A <input type="checkbox"/> H.Q. D.G. <input type="checkbox"/> DIV. <input type="checkbox"/> C.I.S. S.F.J. <input type="checkbox"/> G.I.S. S.E.G.			Other - Autre				

Royal Canadian Mounted Police

Gendarmerie royale du Canada

1624 (1998-02)

**CONTINUATION  
REPORT**

**RAPPORT DE  
CONTINUATION**

OCCURRENCE NO. - N° D'INCIDENT  
Y-A.  
95A-517

RE - OBJET:  
PROJECT A102  
Eurocopter et al

DATE	TIME HEURE	ACTION TAKEN - MESURES PRISES
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KHS said that the "way the world works is not my invention or yours, it is not what you see, if you believe in labels you will be wrong". He then agreed to meet.

I reminded him again that he should discuss this with his lawyer - he then said that it was true he has a lawyer but that "I have on certain things my own views" and he would be glad to meet with us. I had identified to him that I wanted to meet with him along with Nick Alexander.

We set March 30, 2004 at 1330 hrs at the café in the Four Seasons Hotel lobby in Toronto. (Note in both my previous meetings with KHS he has chosen to do so in hotel coffee areas).

1637 hrs

Voice mail from KHS. He is cancelling our meeting because his lawyer Eddie Greenspan disagrees with it so long as the subpoena in MBB is still there. "I have to take his advice, I apologize but what can I do, he is my lawyer"

<input type="checkbox"/> Concluded Enquête terminée	Date Complainant Notified Date d'avis au plaignant	SUI E.C.E.	D.D. - D.A.  SUPERVISOR SUPERVISEUR	<input type="checkbox"/> Consulted Consulté	<input type="checkbox"/> Attended Sur les lieux	<input type="checkbox"/> Advised Avisé
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Royal Canadian Mounted Police

Gendarmerie royale du Canada

1624 (1998-02)



## **Interview with KHS by Kaplan**

Interview with Karl Heinz Schreiber on March 31, 2004 at the Four Seasons Hotel

Don't forget what the facts are. After all the years of investigation there is no proof of any bribes. By the way, he did help with pasta in 1994. In 1993, I thought he could help with Bearhead and that is what I thought when I left Harrington Lake.

It was Walter Wolf who introduced me to Brian Mulroney. The meeting took place at the Ritz when he was president at the Iron Ore company.

Schreiber, me, I just wanted to sell a better piece of military equipment. Clark was against it because he knew that the German involvement in the leadership campaign. That's why he was opposed. It was at the request of the Canadian government that we tried to set up Bearhead in the straight of Canso. They had shut down the heavy water plant and the gulf refinery. It was part of the previous constituency of Elmer MacKay. There was a real need for jobs in the area.

The only crime I ever committed was trying to create 2,000 jobs in Canada without substantial grants from the government. That was my greatest mistake, not asking for grants. Canada's filled with industrial tombstones for grants given for improper businesses.

The greatest shock in Canada I had was when a high-ranking General told me that I should stop trying to sell for Thyssen. I said what are you talking about? I told him that I was doing it at the request of the Canadian government that wanted jobs in Cape Breton. That is why Ambassador McPhail and Sinclair Stevens were involved. Sinclair had met with Strauss about the topic. In any event, the General looked at my face and said in front of the witness that we are the government. I asked him whether it wouldn't be fair in that case to tell the world that Canada has two governments. The elected government, the elected government by stupid Canadians who believe in democracy and another government that is yours. I told him that his Minister was in favour of this and his answer was that he didn't care what shitty ministers whisper to my ear and can't deliver. It was General Henderson or [Henterson]. I was introduced to this guy by the Solicitor General of NATO, Manfred Werner. The witness in the room was General Gordon Ray. I sent some letters to Bill McKnight who was Minister of Defense at the time, informing him of this. They should be in the files of the government.

The peacekeepers risk their lives and they deserve the best equipment.

About Brian Mulroney, I would say that I do not understand why Brian Mulroney would say something like this because I never did the smallest thing to hurt him. It's the opposite; all I did was respond to the request of his government and to Mr. Strauss, chairman of the CDU, to bring business and qualified jobs for young Canadians to Canada. I was introduced to him at the request of Mr. Strauss through Walter Wolf and Michel Cogger at the time that he was president of Iron Ore. From then on I was involved to support his political activities. At no time did Mr. Mulroney tell me that I should give up on the project. It was the opposite. After Brian Mulroney left office I hoped to get his support that the Bearhead project would go ahead. The previous Prime Minister of Canada, namely Mulroney, in my opinion would have been a good representative of Thyssen. A value added representative to support the sale of peacekeeping and an environmental protection equipment out of Canada. I am aware that many of the companies that Brian Mulroney is involved with today have similar reasons for employing him. After Mr. Mulroney left office he was looking for clients to generate income that in my opinion he badly needed in those days. [Schreiber has told me on countless occasions how pitiful it was that Mulroney was required to sell his furniture to the government of Canada in order to raise some cash.]

Q from BK: When he testified he barely knew you.

A: I wasn't there; I don't know what he testified to, I didn't care too much because I thought he must have a reason.

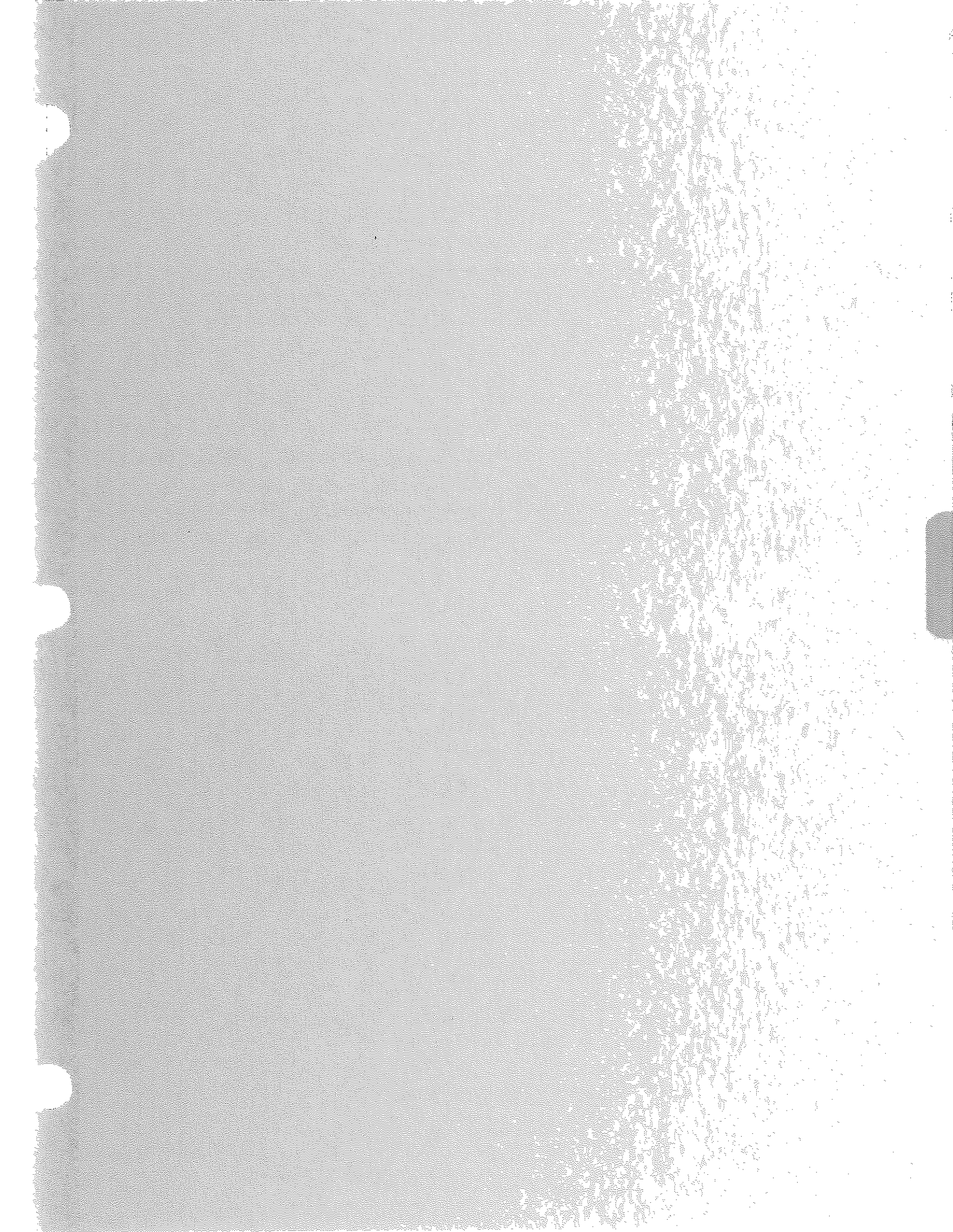
When I look back, I have to say that I like Brian Mulroney. I liked him from the beginning because I enjoyed his sense of humour from the beginning when we met at the Ritz in Montreal.



Regardless of what Brian Mulroney might do or say, I forgive him because I can't thank him enough for what he did for the reunification of Germany, which was historic.

Whoever reads this or is aware, should understand that I would have done a lot more for him if he had asked me. I want that he looks whenever he opens his mouth bad about me, that I say I know all that I have done at his request, for his election, for Canada. The most important thing he ever did for me and for the German people and for the world, was the final release of 17,000,000 Germans who were in a communist jail. I would have done more for him. Imagine that Canada was divided. You would have done the same to get help from someone and he gave help. What is left? A mixture of thank you again and sadness. I don't want to hear any revenge. They are a saying in German, how much cares the moon when a dog barks. He took the money from me and then there was lying like hell and committing perjury. I feel sorry for Brian Mulroney. There are lots of witnesses to our relationship; there are dozens of them still alive. I have a series of photos of me and Brian Mulroney and Mila Mulroney and my wife, etc. He can call me an asshole every day of the week. That is fine. If he needs my help, I am there based on

what he did for Germany. If he needed to \$2 million at the time, I would have given it to him. I was appalled by his financial shape and I would do whatever I could to help him. And if he asked me tomorrow, I would do it again.



Mar-24-05 02:27pm From:Hladun & Company

+7804240034

T-197 P.002/002 F-424

March 10/05

2:47 pm

From: Schreiberbarbel@aol.com  
Subject: Re: Hello  
To: Harvey\_Cashore@CBC.CA

Hi Harvey,

yes it was nice to chat with you,even when I don't share your views. We experience this for ten years.

Do not misinform Canadlens. I was not asked to write a letter,that would have involved me in not telling the truth.

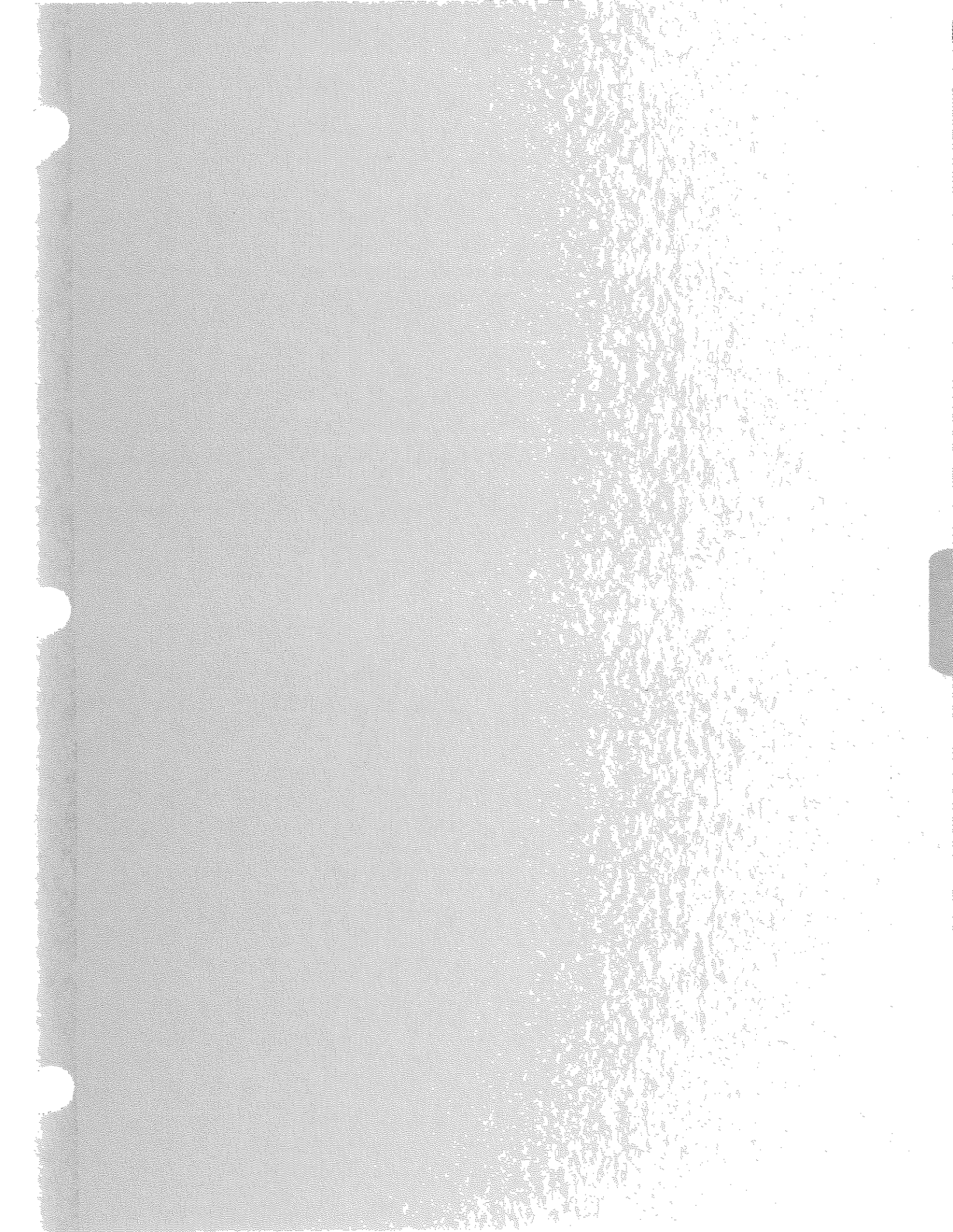
I will be happy to tell you more about the busshesmann from England.

Have a nice day and say hello to John

Karlheinz

cc: Edward Greenspan  
cc: Robert Hladun







[(June 25, 1993) Happy to be a private citizen, Mr. Mulroney? BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA): (June 25, 1993) Yes, I am. LINDEN MACINTYRE (HOST): He was Canada's 18th prime minister. The most]

the fifth estate

Broadcast Date: Wednesday, February 8, 2006

Time: 21:00 EDT

Network: CBC Television

UNIDENTIFIED REPORTER:

(June 25, 1993) Happy to be a private citizen, Mr. Mulroney?

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(June 25, 1993) Yes, I am.

LINDEN MACINTYRE (HOST):

He was Canada's 18th prime minister. The most successful Tory in the job since the first one, sir John A. Macdonald. After nine turbulent years, he's about to return to private life and the practice of law. Within days, he will receive a visitor, an acquaintance from the margins of his political career. The visitor has admired Mulroney's politics for more than a decade. Played a role in his successful bid for the Tory leadership in 1983. He has been asked to help the former prime minister in his return to private life. Brian Mulroney, for all his power and influence, has a problem not unfamiliar to anyone beginning a dramatic life transition. He needs money. His visitor to the official summer residence of prime ministers at Harrington Lake is a secretive dealmaker named Karlheinz Schreiber. What happens at this and three subsequent meetings will haunt both men for years to come. Good evening. I'm Linden MacIntyre. Welcome to "The Fifth Estate." Tonight, an exclusive investigative report. It has been one of Canada's most closely held and fiercely guarded secrets, an unusual financial relationship between two unlikely political friends. For more than a decade, they kept it secret, and while intriguing details slipped out, their story has been shrouded in mystery. That is, until now. Tonight, the silence and the secret come to an end as one of those men speaks out with unprecedented frankness and detail. About his friendship with former Prime Minister Brian Mulroney, about that financial relationship and about the volcanic rift that first split the two men and has now broken their secret to splinters. It was 1983. Brian Mulroney, after only a few months at the head of the Progressive-Conservative Party was already sounding like a prime minister.

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) Tonight, we begin the removal of a decaying and unprincipled group from office and its replacement with new people and new ideas and a new majority. I, Martin Brian Mulroney, do solemnly sincerely promise...

LINDEN MACINTYRE (HOST):

And in just a year, the son of a simple working man from Baie-Comeau, Quebec, would occupy the highest political office in the land, backed up by historic parliamentary majority. For conservative European businessmen and politicians, it was welcome news. Karlheinz Schreiber.

KARLHEINZ SCHREIBER:

I was in Saint-Tropez, in my home, and I got phone call from a friend of mine from one of my companies and he called and said, "Karlheinz, imagine, Mulroney made it." I said, "It's wonderful, it's great."

LINDEN MACINTYRE (HOST):

After Mulroney became prime minister, how difficult was it for you to gain access?

KARLHEINZ SCHREIBER:

Not at all. Not at all. It was very simple.

LINDEN MACINTYRE (HOST):

**Schreiber** was no stranger to the Canadian political scene. One of his closest associate was Frank Moores, the former Tory premier of Newfoundland. Moores had become a consultant working closely with **Schreiber**, promoting European business deals in Canada: Airbus airplanes for Air Canada, helicopters for the coast guard. It was **Schreiber** to shepherded the former Newfoundland premier through the arcane formalities of Swiss banking, a world he knew well. Mr. **Schreiber**, during the late 80s and 90s, would administer more than 20 million dollars in secret commissions from European interests dean to do business with the Canadian government. The 20 million was to be used at Mr. **Schreiber**'s discretion. Some of it for what he calls "schmiergeld", a German word that means grease money.

KARLHEINZ SCHREIBER:

There is a law in Germany, or was a law in Germany, that you can pay grease money or bribe - whatever is necessary - to get a contract for a German company. In other words, you have the German government as a participant in the whole thing.

LINDEN MACINTYRE (HOST):

Mulroney's first seat in parliament was for a central Nova Scotia riding, a seat vacated for him by a former Tory solicitor general, Elmer MacKay. They were anxious to reward Nova Scotians, and Karlheinz **Schreiber** thought he had the perfect thank-you gift: a giant German manufacturer of military vehicles might be inclined to build a factory on Nova Scotia's Canso Strait. Soon, the gregarious German businessman and the garrulous Irish politician were hitting it off like old friends. There were the usual chummy photographs. The standard hints of intimacy. Though today, **Schreiber** insists the relationship never quite got personal.

KARLHEINZ SCHREIBER:

Well, I have never been to his home. He has never been to my home. We met in his office, at the building... or at the restaurant or in the club or what, when he was with others.

LINDEN MACINTYRE (HOST):

Others like German chancellor in 1991, Helmut Kohl, who was also acquainted with Mr. **Schreiber**. Friend or not, destiny had already joined the fates of Karlheinz **Schreiber** and Brian Mulroney. Brian Mulroney has been out of politics for two years, living quietly with his family in Westmount, Montreal. On the night of November 2nd, 1995, he has a message: Call Karlheinz **Schreiber** urgently. **Schreiber**'s Swiss bankers have a letter from Canada's Department of Justice raising allegations that he, Frank Moores, and Mulroney as prime minister got secret commissions from European companies like Airbus, which had sold planes to Air Canada in the 1980s.



**KARLHEINZ SCHREIBER:**

You see when you are on the telephone, and somebody says "Oh, my God, Jesus Christ, what is this all about, send me immediately a translation", what more can you say there?

LINDEN MACINTYRE (HOST):

**Schreiber** had the letter translated into English. He gave notice that he'd use all legal means to keep the mounties away from his banking records. He knew it was a delicate situation. He couldn't have anticipated how explosive it would become.

**KARLHEINZ SCHREIBER:**

Nobody might have thought that it took such a media attention. This damn thing doesn't die over ten years, and even today, we are in it.

LINDEN MACINTYRE (HOST):

Mulroney's lawyers demanded that Ottawa rewrite the letter. Then, when rumours started surfacing, hinting at a scandal, he hired an old friend and P.R. consultant named Luc Lavoie. It was a shrewd move. November 18th, 1995, The Financial Post reported the contents of the letter. Mulroney's name stood out like a black eye. The P.R. man Luc Lavoie was ready.

LUC LAVOIE:

(archives) Good afternoon. Ladies and gentlemen, my name is Luc Lavoie. I will be the moderator for this press conference.

LINDEN MACINTYRE (HOST):

Besides the P.R. man, the former prime minister had a thoroughbred legal team.

UNIDENTIFIED MAN:

(archives) We are claiming 50 million dollars: 25 million dollars for damage to Mr. Mulroney and his reputation. We had no other choice when the whole matter was made public this morning by an article in The Financial Post..

LUC LAVOIE:

(archives) Thank you very much.

LINDEN MACINTYRE (HOST):

**Schreiber** watched from a distance. Like Mulroney, he suspected the letter was a plot by Liberals to sabotage Mulroney's place in history.

**KARLHEINZ SCHREIBER:**

Mulroney was right to sue them. When they said he was bribed on Airbus.

LINDEN MACINTYRE (HOST):

But he launched a very aggressive lawsuit, and that only became possible when this letter became public.

**KARLHEINZ SCHREIBER:**

Yes.

LINDEN MACINTYRE (HOST):

How did that letter become public?

**KARLHEINZ SCHREIBER:**

I have... I have my... I have my thoughts about this, but I don't want to talk about this.

LINDEN MACINTYRE (HOST):

Two days after that press conference, Mulroney's lawyers filed his libel lawsuit at a Montreal courthouse. Mulroney had said, "Never received any of the alleged payments in any form, from any person, whether named in the letter of request or not, for any consideration whatsoever."

UNIDENTIFIED NEWSCASTER:

(archives) Tonight... Brian Mulroney strikes back.

PETER MANSBRIDGE (HOST, THE NATIONAL):

(archives) A lot of developments today in a story that rocked the country over the weekend.

UNIDENTIFIED NEWSCASTER:

(archives) Taking unprecedented legal action against the Canadian...

UNIDENTIFIED NEWSCASTER:

(archives) That he never received any payment from anyone.

LINDEN MACINTYRE (HOST):

The libel lawsuit was a sensational story, but it wouldn't be long before reporters were asking a key question: The letter was supposed to be secret. So how did it get out?

UNIDENTIFIED REPORTER:

(November 20, 1995) That is the crucial element of Brian Mulroney's lawsuit. Not that the Crown and police made unsubstantiated allegations to the Swiss. They have the right to do that. It was the fact that the allegations wound up in the hands of reporters.

LINDEN MACINTYRE (HOST):

Neil Macdonald assumed, like most, the RCMP or the Justice Department must have leaked the letter to the reporter who wrote that story in The Financial Post, Phillip Mathias, and so he asked him why.

S

PHILLIP MATHIAS:

(archives) Well be you're assuming it came from the Canadian Justice System. I haven't said that and I'm not going to reveal the source.

LINDEN MACINTYRE (HOST):

Then a revealing moment: A cameraman manoeuvring for a new angle found himself shooting what appeared to be the document that was the basis for the story in the Post. It was the translation of the letter to the Swiss, a translation arranged by **Schreiber** for Mulroney. The reporter was obviously rattled when he realized his slip.

PHILLIP MATHIAS:

(archives) Uh, oh, I'm not going to do this anymore.

LINDEN MACINTYRE (HOST):

Later, he'd say Mulroney didn't leak it. Reporter George Wolf also followed the Airbus battle closely for CTV News. He's now retired in Florida. Of all of the reporters on the story, few were closer than he was to Karlheinz **Schreiber**.

GEORGE WOLF:

He spoke to me often of how he had selected Philip Mathias, and here's **Schreiber** admitting, you know, I picked a journalist, which is the next thing to saying I planted that story, I placed that story.

LINDEN MACINTYRE (HOST):

What... it seemed to substantiate was that there was a politically driven campaign to slander and possibly ruin Brian Mulroney.

GEORGE WOLF:

That was the spin on it and at the time, I believed it, too, that it was all politics. I no longer believe that. If you're asking did Brian Mulroney set up his own libel suit, if that is where this is going, the answer is I don't know.

LINDEN MACINTYRE (HOST):

I'm going to ask you directly, did you give it?

KARLHEINZ **SCHREIBER**:

No.

LINDEN MACINTYRE (HOST):

You did not give...

KARLHEINZ **SCHREIBER**:

I didn't even know.

LINDEN MACINTYRE (HOST):

Because our mutual friend George Wolf believes you did.

KARLHEINZ SCHREIBER:

He may believe that. The answer is no.

LINDEN MACINTYRE (HOST):

The answer is no?

KARLHEINZ SCHREIBER:

No.

LINDEN MACINTYRE (HOST):

It was an issue that quickly became academic. Bottom line, the letter got out, and once out, Mulroney had grounds to claim that he'd been defamed. He counterattacked, but his team set out not just to punish the government of Canada, but expose what his spokesman, Luc Lavoie, claimed was a fatal flaw in the case against his client. His name was Giorgio Pelossi, **Schreiber's** former accountants. They had fallen out, and Pelossi was the source of stories about shady dealings and the 1.8-billion-dollar Airbus purchase by Air Canada. Discredit Pelossi, and you discredit the RCMP investigation. It was that simple.

GIORGIO PELOSSI:

(archives) I met with Mr. **Schreiber** and Mr. Moore in Zurich and we went to the Swiss bank corporation to... the purpose was to open two accounts.

LINDEN MACINTYRE (HOST):

The Mulroney team would learn that Pelossi also a few sins on his own soul and it wasn't long before they were getting big exposure in selected Canadian media. CTV's George Wolf was reporting that among other things, Pelossi had mafia connections.

GEORGE WOLF:

(archives) He spent six months in this prison while Swiss prosecutors investigated an alleged swindle involving the bank account of a man convicted of laundering mafia drug money.

LINDEN MACINTYRE (HOST):

Pelossi did have proof that Airbus and other companies secretly deposited millions into a shell company called International Aircraft Leasing in Liechtenstein, to help sell airplanes and other products. But Luc Lavoie was dismissive. There was no proof Mulroney himself received a penny.

LUC LAVOIE:

(archives) Somebody somewhere must be joking. But the joke is a bad one.

LINDEN MACINTYRE (HOST):

When we come back...

WILLIAM KAPLAN:

I couldn't believe that he would have taken money from **Schreiber** in hotel rooms. It was so totally inconceivable to me.

LINDEN MACINTYRE (HOST):

April 17th, 1996, Brian Mulroney arrives at a Montreal courthouse to testify under oath at a pre-trial process called "discovery". He'll argue he's been libelled by the federal government in a letter to Swiss authorities alleging corruption in the sale of Airbus airplanes to Air Canada when he was prime minister.

LUC LAVOIE:

(archives) C'est pas de vos affaires. Demandez au juge.

LINDEN MACINTYRE (HOST):

From the outset, Mulroney's testimony crackled with righteous indignation.

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) I felt quite frankly that somebody is judge, jury, and an executioner and declares you guilty without even speaking with you. To me, quite frankly, it reeked of fascism.

LINDEN MACINTYRE (HOST):

And as for Karlheinz **Schreiber**?

UNIDENTIFIED MAN:

Did you maintain contact with Mr. **Schreiber** after you ceased being prime minister?

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) Well, from time to time. Not very often. On his way to Montreal, he called me and asked me and I say perhaps once or twice, if I could come to a cup... have a cup of coffee with him at a hotel.

LINDEN MACINTYRE (HOST):

If that was it, a cup of coffee, the federal government had a major problem. An obvious question would have been, had **Schreiber** ever in any circumstances at any time given Mulroney any of his grease money? But Mulroney's passionate responses seemed to make the question unnecessary.

UNIDENTIFIED MAN:

The Canadian government alleges that very substantial sums were paid to Mr. **Schreiber** by Airbus Industries, and you didn't discuss with Mr. **Schreiber** whether it was true or not?

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) The fact that Mr. **Schreiber** may or may not have had any business dealings was not my principal... my principal preoccupation. I had never had any dealings with him.

LINDEN MACINTYRE (HOST):

He was unequivocal. He'd never had any dealings with **Schreiber**. To a Toronto lawyer who was following the case closely, it was open and shut. William Kaplan.

WILLIAM KAPLAN:

The guy is testifying under oath. He's a former prime minister of the country. He's a lawyer. He's an officer of the court. The only conclusion a fair-minded, reasonable, objective person can draw is that he never had any dealings with him, and if he had never had any dealings with him, he'd never taken any money from him.

LINDEN MACINTYRE (HOST):

Claude-Armand Sheppard was the government lawyer asking the questions. This answer, "I had never had any dealings with him", how could you characterize an answer like that?

CLAUDE-ARMAND SHEPPARD:

It leaves no doubt that he had no dealings. Whatever relationship existed was not a business relationship of any sort. That's what I would deduce from that answer. He made the statement he had no dealings with Mr. **Schreiber**. The statement is on the record. And I moved on.

LINDEN MACINTYRE (HOST):

By the end of day one, there was no doubt who was winning... at least in the public arena.

UNIDENTIFIED MAN:

(archives) Who is going to win the Stanley Cup?

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) Montr all

LINDEN MACINTYRE (HOST):

Luc Lavoie spoke that night on behalf of Brian Mulroney.

LUC LAVOIE:

(archives) Well, he's very serene and he's very happy that he could finally express in court the way he felt about what was done to him.

LINDEN MACINTYRE (HOST):

Day two of the hearing. The Mulroney team appears relaxed. Citizen Brian Mulroney battling the power of the federal government, but still just another working parent. It would be a repeat of day one. And in most good narratives, there has to be a villain.



UNIDENTIFIED MAN:

(archives) You are accused of fascist activities, of not giving the man a fair chance. You have no comment on that?

LINDEN MACINTYRE (HOST):

His name, Fraser Feigenwald, the RCMP officer who started the investigation.

UNIDENTIFIED MAN:

(archives) No regrets, Mr. Feigenwald?

LINDEN MACINTYRE (HOST):

Regrets, if any, were a year down the road when sergeant Feigenwald would resign from the RCMP. Outside, Mulroney met the media, clearly elated by the impact of his testimony.

UNIDENTIFIED MAN:

(archives) This was supposed to be the defence's opportunity to make some gains on you. It seems perhaps you turned the tables, is that your impression?

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) Well, I'll leave those impressions to others. I... testified honestly about what took place.

LINDEN MACINTYRE (HOST):

It was, in fact, all over. His resolute legal response and his public popularity had the federal government on the ropes. Watching from Toronto, a lawyer who was about to become a sympathetic author to chronicle what he saw as a malicious attack on an honest man.

WILLIAM KAPLAN:

The media at this point could see that the... you know, that the tide had turned and they began to think for the first time, you know, maybe he is a victim of a miscarriage of justice, and that's exactly the conclusion that I came to first time around. That was a conclusion that began to penetrate with the Canadian people.

LINDEN MACINTYRE (HOST):

And then Ottawa backed down. Shaken by the vigour of Mulroney's testimony and by the growing awareness that their own investigation had been seriously flawed, the government agreed to pay Mulroney's legal costs and later paid Luc Lavoie's P.R. expenses, too, nearly 600,000 dollars; 2.1 million dollars in all.

UNIDENTIFIED MAN:

What we're apologizing for this in case is for damage done to Mr. Mulroney and his family because of language used. Some of that language read alone indicates that conclusions had already been drawn when they hadn't.

LINDEN MACINTYRE (HOST):

At home in Westmount, Mulroney, vindicated, was subdued.

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) It never happened. Hi no involvement whatsoever directly or indirectly in this and that's what the government has finally acknowledged, and so now that it's done, the... The matter is passed. The... We hope the page is turned, and we want to get on with our lives.

LINDEN MACINTYRE (HOST):

And that was that. The scandal was a non-starter. Mulroney successfully argued he'd had nothing to do with the Airbus deal. But what about the dealmaker? Karlheinz **Schreiber**? When we come back, Money, Truth, and Spin.

LUC LAVOIE:

(recording) There never was any money. He is too smart to do something like that. It is just too dummy. It is too damn stupid.

LINDEN MACINTYRE (HOST):

June 11th, 1999, the story now routinely called the Airbus scandal has been dead for nearly two years, and Tories in the House of Commons want it to stay dead. Justice critic Peter MacKay would rise ten times to criticize the mounties' Airbus investigation.

PETER MACKAY (FORMER JUSTICE CRITIC):

(archives) I ask the government, when will they withdraw the letter of baseless allegations against Mr. Mulroney sent to the Swiss authorities and call an end to the ill-founded Airbus investigation?

LINDEN MACINTYRE (HOST):

The lawyer William Kaplan had been a vociferous public supporter of the former prime minister. In magazine articles, he declared him Mr. Clean, a book, "Presumed Guilty", argued that Mulroney was the victim of a politically driven persecution.

WILLIAM KAPLAN:

Linden, you know, it wasn't just me who concluded that. The government concluded that, as well, that Mulroney was innocent and victim of a grievous injustice.

LINDEN MACINTYRE (HOST):

But events in Europe would soon intrude. A scandal about Schmiergelder would sweep up one of the giants of post-war politics in Germany...tThe former chancellor, Helmut Kohl. A long distinguished career in politics was in ruins over questionable political contributions and in the middle of the uproar, a gregarious wheeler-dealer name Karlheinz **Schreiber**. But Mr. **Schreiber** had taken off for Toronto. As if turned out, Toronto was not far enough. On a request from the Germans, the mounties arrested Karlheinz **Schreiber** in a Toronto restaurant and they put him in jail. The Germans wanted **Schreiber** back to face allegations of bribery, fraud, and tax evasion. They'd had their work out out for them. He had one of Canada's ablest criminal lawyers looking out for him. Eddy Greenspan was on the job,

continuing a fight that continues to this day against the German extradition request, and prominent friends like Elmer MacKay in his corner, putting up bail money.

ELMER MACKAY:

(archives) He's a man of his word. I've known him for some time, and I find him to be a good friend. As far as it goes, I don't desert my friends.

KARLHEINZ SCHREIBER:

(archives) I have always had friends in my life, and I will never let my friend down. They came here to get me out, and I will never do anything to harm them.

LINDEN MACINTYRE (HOST):

Back in Germany, a reporter named John Goetz working for "The Fifth Estate," got his hands on Karlheinz Schreiber's bank records. He was fascinated by one document, in particular. This Zurich bank account had a code name, Britan. There had been cash withdrawals totalling 300,000 dollars in the months after Brian Mulroney left the prime minister's office. Britan. For some accounts, Schreiber used codes inserting consonants in people's names. Could Britan really mean Brian? John Goetz.

JOHN GOETZ:

You know, where cash was removed from accounts and then you look at the calendar, and in Zurich, removing this amount of money from the account, and then you see, later, meeting with Brian Mulroney in a hotel. It certainly looks to almost anyone with an open mind that that money is going to Brian Mulroney.

LINDEN MACINTYRE (HOST):

We wanted to ask him. Eventually his P.R. man, Luc Lavoie, called "Fifth Estate" producer Harvey Cashore. We told Lavoie that a Schreiber bank account looked like might have been for Mulroney. Lavoie wanted specifics.

LUC LAVOIE:

(archives) I won't share it with any other reporter anymore in the world, and so I'm not going to spread anything around.

LINDEN MACINTYRE (HOST):

Mr. Mulroney needed the information as soon as possible.

LUC LAVOIE:

(archives) Really, put yourself in his shoes. This has been destroying his life for four years. This is... I guess I get the feeling from his voice that he just can't take it anymore, and please get my point. I mean, if only for human reasons, try and see if we can deal with this this weekend. I am trying to, you know, kind of help his life a little bit here. He's going nuts.

HARVEY CASHORE:

(archives) You're saying that Mr. Mulroney and yourself will not speak to journalists and other people about this so that it would not get out into the public discussion, is that what you're saying?

LUC LAVOIE:

(archives) Exactly.

HARVEY CASHORE:

(archives) Okay.

LUC LAVOIE:

(archives) And that is very firm.

LINDEN MACINTYRE (HOST):

Then Lavoie started asking pointed questions...

LUC LAVOIE:

(archives) Well, I can ask you a couple of things, does his name appear in any document that you've seen, showing that he has received money from anybody, and if so, what kind of money are we talking about? His name or a code name?

HARVEY CASHORE:

(archives) Okay, well, okay. Okay, you're very smart to have asked me that last question.

LUC LAVOIE:

(archives) So there is a code name that looks like him?

HARVEY CASHORE:

(archives) There is a code name that if you looked at it, you might say that.

LUC LAVOIE:

(archives) I see. You might because it sounds like his name, it spells like his name...

HARVEY CASHORE:

(archives) It's very close to it.

LUC LAVOIE:

(archives) Very close to his name. Because I... can I tell you something on my part something totally off the record, just for your understanding of our understanding?

LINDEN MACINTYRE (HOST):

Off the record, Lavoie speculated that **Schreiber** might have set up a phoney paper trail leading to Mulrony when he was really keeping money for himself, and then this unguarded opinion.

LUC LAVOIE:

(archives) Karlheinz **Schreiber** is the biggest fucking liar the world has ever seen. You know what I mean? That's what we believe. And we are very afraid that this man was quite capable of using anybody's name to get money from somebody else. We have no proof of that. But this is the way we feel about it.

HARVEY CASHORE:

(archives) Okay.

LUC LAVOIE:

(archives) And that's... that's certainly why Mr. Mulroney is so nervous.

LINDEN MACINTYRE (HOST):

After that, the conversation was back on the record, and a bit more discreet.

LUC LAVOIE:

(archives) But if ever there is the name of Brian Mulroney anywhere, it has to be that, because there never was any money. He is too smart to do something like that. It's just too dummy. It's too damn stupid.

LINDEN MACINTYRE (HOST):

And he insists, not just stupid... ..

LUC LAVOIE:

(archives) He said it himself under oath.

HARVEY CASHORE:

(archives) Right.

LUC LAVOIE:

(archives) So it would be major perjury, right? And the former prime minister of a country like Canada doesn't go under oath to say something like this and lying about it. You don't lie about this stuff. I mean... and to think otherwise is pretty close to being insulting.

LINDEN MACINTYRE (HOST):

In Edmonton, one day after our producer's last phone chat with Lavoie, a lawyer gets a call from Brian Mulroney. The lawyer's name is Robert Hladun, and he sometimes works for Karlheinz **Schreiber**. We've been able to reconstruct the conversation, and the gist of it was this... Mulroney, alarmed by speculation based on the Britan account, wanted an unambiguous statement that Mr. **Schreiber** had ever paid him money, much. **Schreiber** considered it, but refused. Through intermediate years, in a roundabout way, you're asked to create a statement that you never gave him any money.

KARLHEINZ **SCHREIBER**:

I... I don't want to comment this. We had this before, because that would upset my lawyer very much.

LINDEN MACINTYRE (HOST):

October 20. "The Fifth Estate" is about to broadcast the story about the secret Britan bank account, but the Mulroneu spin machine beats the programme to the punch. A Toronto newspaper has a story about the broadcast, which nobody has yet seen. Helpfully advising readers that we're wrong. The newspaper report scoffed at the reference to a secret account for Mr. Mulroneu. An editorial in the same paper called such suggestions preposterous and false. That aside, how did the national post know in such detail what "The Fifth Estate" was going to report? Well, we concluded that there was only one possibility, and that anything in our chats with Luc Lavoie that had been off the record was now on the record. What happened next would rupture relations between Mulroneu and Schreiber, and a secret that they shared for six years started to unravel. And so Lavoie's candid view of Schreiber's credibility became a valid part of the story.

LUC LAVOIE:

(archives) Karlheinz Schreiber is the biggest fucking liar the world has ever seen. That's what we believe.

KARLHEINZ SCHREIBER:

I could not... I... My friends, my family said, "Well, is he sick?" But I never received a proper apology from the boss, from Mr. Luc Lavoie. You know what I mean?

LINDEN MACINTYRE (HOST):

Yes.

KARLHEINZ SCHREIBER:

Or do you think I would have allowed him to say such a mess or shit, or whatever you want to say to a friend of mine?

LINDEN MACINTYRE (HOST):

To understand his outrage, let's go back to the summer of 1993, back to where the story started just days after Mr. Mulroneu resigned as prime minister. Schreiber had been asked to visit Mr. Mulroneu by a mutual acquaintance, an old Mulroneu associate from college days in Nova Scotia, Fred Doucette.

KARLHEINZ SCHREIBER:

It really happened through Fred Doucette who told me, "Karlheinz, Brian is now leaving. He has to go to private sector, and he has really financial problems."

LINDEN MACINTYRE (HOST):

At Harrington Lake, they talked about how they might work together in the future, but his immediate needs were apparently urgent.

KARLHEINZ SCHREIBER:

It was the thought that he would get money from us... from our side to buy a big home, survive at the moment and get organized, get back to his law firm and start your business or whatsoever.

LINDEN MACINTYRE (HOST):

And so **Schreiber** started handing out the money. The first in the summer of 1993, after **Schreiber** got a message to meet Mulroney near the Mirabel airport north of Montreal.

KARLHEINZ SCHREIBER:

And I was told to see him at the airport hotel. So he was there and he had the suite. So now this was the first meeting where I really brought the first hundred thousand to him.

LINDEN MACINTYRE (HOST):

Later that year, a different hotel. But the agenda was the same: another 100,000 dollars. And it wouldn't be the last.

KARLHEINZ SCHREIBER:

I was there. At the gold key section. So he came there to say hello to me. And I brought him the other money.

LINDEN MACINTYRE (HOST):

**Schreiber** says there was nothing remarkable about handing out cash. He'd been doing it for years. Cash, like love, is blind. A shady past seldom matters. December 8th, 1994, they would meet in New York City at this hotel. **Schreiber** was just back from Switzerland, where he'd withdrawn another chunk of cash from his secret bank account.

KARLHEINZ SCHREIBER:

And so Brian came with Fred Doucette, and this is when I brought him the third money.

LINDEN MACINTYRE (HOST):

The handoff was discreet. In all, Mulroney had received 300,000 dollars in cash from Karlheinz **Schreiber** shortly after stepping down as prime minister. And why no invoice or bill? How did you decide on the form of...?

KARLHEINZ SCHREIBER:

Well, number one was that we had cash. Number two was to bill for what?

LINDEN MACINTYRE (HOST):

Sooner or later, the story of the secret cash was going to become public, and for Mulroney, who had flatly denied under oath during his libel action against the federal government that he had ever had any dealings whatsoever with the businessman, the publicity would potentially be devastating. **Schreiber** says it didn't have to be that way. He could never understand why Mulroney was so emphatic in his denial of what to **Schreiber** was a simple act of kindness. If he'd been in Mulroney's shoes, he'd simply have declared...



KARLHEINZ SCHREIBER:

Everybody knows I was not rich when I left government. I was short of money. And I was very grateful that Mr. **Schreiber** gave me a deposit... a loan or whatever for the future to work with.

LINDEN MACINTYRE (HOST):

He didn't do that, though?

KARLHEINZ SCHREIBER:

No! I mean... He hasn't done it. What he did instead of that, he said it was one of his worst days when he get to know me, and that I'm the greatest fucking liar on earth. What I never understood why to make a miracle out of all of these things by denying it. And finally, you find out two things. Either it's very simple or very stupid. Nothing special.

LINDEN MACINTYRE (HOST):

What do you...

KARLHEINZ SCHREIBER:

In this case, it's both.

LINDEN MACINTYRE (HOST):

Simple and stupid.

KARLHEINZ SCHREIBER:

Very simple and very stupid. Simple that I gave him 300,000 and stupid that he denied it. Simple like that.

LINDEN MACINTYRE (HOST):

When we come back, a secret unravels.

GEORGE WOLF:

He knew that Mulrone y better behave, because he had this bomb buried in his pocket.

LINDEN MACINTYRE (HOST):

One of the first to hear of the rupture between **Schreiber** and Mulrone y was the reporter George Wolf. By the fall of 1999, he had left CTV, but **Schreiber** called him anyway. He felt betrayed.

GEORGE WOLF:

Eventually **Schreiber** is telling me, you know, Mulrone y doesn't know what he's playing with. I've got, you know, all of the cash that I gave him. He's in trouble if he doesn't start playing ball with me, and ultimately **Schreiber** dropped the hammer.

LINDEN MACINTYRE (HOST):

The hammer landed here... at The National Post newspaper. The reporter Phil Mathias continued to follow the story. This was the paper that a year earlier said it was preposterous to suggest that money had passed between **Schreiber** and Mulroney. But the hammer didn't make a sound. The editors killed the story. But the Toronto lawyer William Kaplan got wind of it.

WILLIAM KAPLAN:

But here is some new evidence that set my earlier book completely on its head, and I felt a tremendous weight of responsibility, being in possession of this evidence after The National Post refused to publish the story.

LINDEN MACINTYRE (HOST):

Two years went by, and still no one else found out about the payments. The RCMP had given up, shut down their investigation, stating publicly Mulroney would not face any charges. But William Kaplan knew about the 300,000 dollars, and when he confronted Mr. Mulroney at the Royal York hotel in Toronto, Mulroney basically confirmed what he had heard.

WILLIAM KAPLAN:

He says to me, "Look, all I can tell you is that the important thing is that all the taxes were paid and this was completely lawful, and if you get into this, it's going to be a complete diversion about what the Liberals were up to, trying to destroy me and my place in history."

LINDEN MACINTYRE (HOST):

But Kaplan was by now completely disillusioned.

WILLIAM KAPLAN:

Everyone knows if you're a former prime minister, you don't meet with somebody you'd recently dealt with in an official capacity and take the cash. And if you do, and from is a legitimate reason for it, well, come forward and tell us what you took the money for. Tell us when you got it. Tell us what you did with the cash, tell us when you remitted the GST and tell us when you declared the income.

LINDEN MACINTYRE (HOST):

Kaplan would write a second book, this time accusing Mulroney of misleading him about his dealings with Karlheinz **Schreiber**. But first, he'd break the story in The Globe And Mail under the headline "**Schreiber** hired Mulroney". Hardly anybody noticed that far down in the story, he disclosed that the 300,000 dollars was paid in cash. The few who noticed might have wondered, what for? Mulroney supporters were quick to point out that **Schreiber** had started up a pasta business, that Mulroney had international business connections, was on the board of a multinational called Archer Daniels Midland that deals in wheat, which is used in pasta. So what did he do to earn 300,000 dollars?

KARLHEINZ **SCHREIBER**:

So what you are asking me now is... (chuckling)

LINDEN MACINTYRE (HOST):

Very simple, what did he do?

KARLHEINZ **SCHREIBER**:

What had he done for the money? Um... (chuckling) Well, I learned, to my great surprise, that he worked with me on spaghetti. (laughing) from Archer Daniel. That's true. And he sent me a brochure from Archer Daniel. That's it.

LINDEN MACINTYRE (HOST):

Brilliant.

KARLHEINZ SCHREIBER:

Maybe it's a pretty expensive brochure. (laughing)

LINDEN MACINTYRE (HOST):

What's less of a mystery now is where the money came from in the first place. There had been speculation about a special account called "Britan" account and that money was withdrawn from that account.

KARLHEINZ SCHREIBER:

Yes, correct. There were 500,000 sitting. From there he got 3.

LINDEN MACINTYRE (HOST):

And there was 300,000 that came out at times approximate to when you...

KARLHEINZ SCHREIBER:

Sure.

LINDEN MACINTYRE (HOST):

So I draw the conclusion that the money came out of Britan and went to Brian Mulroney?

KARLHEINZ SCHREIBER:

Sure.

LINDEN MACINTYRE (HOST):

We also know why there might have been some acute sensitivity to taking money from the Britan account. The account was set up after Mulroney left office. But the money out of it came out of a larger account out of the Liechtenstein shell company set up to collect commissions from companies like Airbus and Thyssen, International Aircraft Leasing, IAL. Maybe it looked bad, but there is no evidence that Brian Mulroney knew where the cash came from. Why would he go so far to deny getting it? Maybe it had to do with one of the certainties in life, taxation. We know he paid income taxes on the money, we just don't know when. And for his part, Mr. Mulroney has declined to discuss this or any other aspect of the controversy with "The Fifth Estate." Privately, bureaucrats in Ottawa are still simmering with indignation. People close to the Mulroney lawsuit tell us had they known in 1995 about the 300,000 dollars, they would never have agreed to the settlement that paid Mulroney 2 million dollars. Never, said one, in a million years. Then again, nobody wants to reopen what everyone agrees is a can of worms.

WILLIAM KAPLAN:

Don't forget, everyone, everybody who has been involved in this story has been burned one way or another. There's me sitting here who have been led down the garden path was burned in my first book, and the Department of Justice was hurt. Every single person who has been associated with this story has been hurt by it.

LINDEN MACINTYRE (HOST):

The story is now history for almost everyone. Everyone, that is, but Karlheinz **Schreiber**. Germany is pressing hard to extradite him to face assorted criminal charges. Recently he discovered a clumsy RCMP sting operation designed to catch him in criminal activity. He's 72 years old. And yet he's infectiously cheerful. He's offered to make a deal with the authorities, to tell all of his years of wheeling and dealing in the corridors of power. The government of Canada, at least till now, doesn't seem to want to listen to him or to hear his secrets about big business and Schmiergelder and politics.

KARLHEINZ **SCHREIBER**:

What they try is to get me out of the country. Or put me in jail. Or whatever. To shut me up.

LINDEN MACINTYRE (HOST):

So what you're saying is that the... this entire controversy at which you are in the centre exposes something about our political culture...

KARLHEINZ **SCHREIBER**:

Absolutely.

LINDEN MACINTYRE (HOST):

... that people in that culture do not want to talk about.

KARLHEINZ **SCHREIBER**:

Absolutely. But I know one thing, too. Sooner or later, the truth shows up, whether you like it or not. You have just to wait.

LINDEN MACINTYRE (HOST):

Brian Mulroney's years away from politics have not been easy ones. Dogged by controversy and illness, often more celebrated abroad than at home, his fight to protect his place in Canadian history seems to have worn him down. And yet in front of a crowd, the wit and self-deprecating charm that swayed so many for so many years returns.

BRIAN MULRONEY (FORMER PRIME MINISTER OF CANADA):

(archives) I got on the elevator on the 44th floor, pushed the button, and a woman jumped in. She kept looking at me. Very closely. She said, "Did anybody ever tell you that you look an awful lot like Brian Mulroney?" I said, "Well, yes, as a matter of fact, it happens to me almost every day." And she said, "Gee, must make you mad, eh?"

LINDEN MACINTYRE (HOST):

20

We naturally wanted to interview the former prime minister for this story, and for many months have made repeated efforts to secure Mr. Mulroney's participation, but to no avail. There is a wealth of additional material about this story and our program available on our website at [cbc.ca/fifth](http://cbc.ca/fifth). We'll be away for the next couple of weeks as CBC turns its attention to the winter Olympic Games in Turin and we'll be returning March 1st. Until then, for everyone here at "The Fifth Estate," I'm Linden MacIntyre. Thanks for watching. We'll see you soon.

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Idnumber: 200602080001  
Length: 6712 words

Tone: Strongly Negative [REDACTED]  
Audience Reach: 656,000 [REDACTED]

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**KARLHEINZ SCHREIBER**

Plaintiff

- and -

**BRIAN MULRONEY**

Defendant

AMENDED STATEMENT OF CLAIM  
 MODIFIED BY: \_\_\_\_\_  
 FILED  
 THE REGISTRAR  
 L'ORDRE DU CLERK  
 DATED / ENREGISTRÉ LE: \_\_\_\_\_

REGISTRAR  
 SUPERIOR COURT OF JUSTICE

CLERK  
 COUR SUPÉRIEURE DE JUSTICE

**AMENDED STATEMENT OF CLAIM**

**TO THE DEFENDANT:**

**A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU** by the Plaintiff. The claim made against you is set out in the following pages.

**IF YOU WISH TO DEFEND THIS PROCEEDING**, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on Plaintiff's lawyer, or where the Plaintiff does not have a lawyer, serve it on the Plaintiff and file it, with proof of service, in this court office **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada, or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

**IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU.** If you wish to defend this proceeding but are unable to pay legal fees, legal aid may be available to you by contacting a local legal aid office.




**IF YOU PAY THE PLAINTIFF'S CLAIM**, and \$1000.00 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, you may pay the Plaintiff's claim and \$400.00 for costs and have the costs assessed by the court.

DATE:

22 March 2007

Issued by

  
Local Registrar

Address of

court office: 393 University Avenue  
10<sup>th</sup> Floor  
Toronto, Ontario  
M5G 1E6

**TO: The Right Hon. Brian Mulroney**  
47 Forden Crescent  
Westmount, Quebec  
H3Y 2Y5

**CLAIM**

1. The Plaintiff claims:

- (a) \$300,000.00 on account of the principal amount of an advance for services to be rendered made in cash on July 27<sup>th</sup>, 1993 in the amount of \$100,000.00, on November 11<sup>th</sup>, 1993 in the amount of \$100,000.00 and on December 8<sup>th</sup>, 1994 in the amount of \$100,000.00 (the "Advance");
- (b) Pre-judgment interest on the said \$300,000.00 calculated from the date of the Advance in accordance with the terms of the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (c) Post-judgment interest in accordance with the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (d) The costs of this action on a complete or substantial indemnity basis; and
- (e) such further and other relief as this Honourable Court deems just.

2. The Plaintiff is a resident of the province of Ontario, in the Dominion of Canada.

3. The Defendant, Brian Mulroney, is a former Prime Minister of Canada and worked as a lawyer at the law firm Ogilvy Renault in Montreal before becoming Prime Minister and after he stepped down as Prime Minister on June 25, 1993.

4. The Plaintiff, Karlheinz Schreiber, is a business person who represented German based companies in Canada, including Thyssen AG.

5. The Plaintiff provided the Advance to the Defendant between July 1993 and December, 1994. At the time of the making of the agreement between the parties, the Defendant was resident in the Province of Ontario, specifically, 24 Sussex Drive, Ottawa, Ontario. The parties verbally agreed that the Advance was a prepayment for certain services which the Defendant undertook and promised to perform on behalf of the Plaintiff in Ontario and elsewhere.

6. The initial services to be performed were in relation to the possibility of establishing a production facility for light armoured vehicles and environment protection systems in Quebec known as the Bear Head project. The head office of Thyssen Bear Head Industries was in Ottawa, Ontario.

7. The Defendant defaulted on the delivery of said initial services by failing to advance the establishment of the Bear Head project in Quebec.

8. Subsequently, on numerous occasions, demands were made by the Plaintiff to the Defendant outlining the amount owing to the Plaintiff and demanding the services to be performed by the Defendant in Ontario.

9. The Defendant has further defaulted on his promise and undertaking to perform the services in Ontario and elsewhere by failing to attend to the promotion of the Reto Restaurant pasta business in Ontario and securing private or government commitments towards the expansion of the Reto Pasta franchise in Ontario and the fight against obesity. The Reto Restaurant pasta business is carried on by the Plaintiff and others in the Greater Toronto Area and elsewhere. Its head office is located in Ottawa, Ontario.

10. Notwithstanding the foregoing, the Defendant insisted that he would meet his obligations to the Plaintiff and, in reliance upon the Defendant's assurances and representations as aforesaid, the Plaintiff extended the period of time for the performance of the services to be rendered by the Defendant.

11. The Plaintiff has on numerous occasions permitted the Defendant an extension of time for the performance of said services promised and undertaken. However, to date, the Defendant has failed to provide any services.

12. Although the Plaintiff has made various attempts to collect the Advance to date the Defendant has refused to repay the Advance and he has refused to answer the Plaintiff's

demands. Consequently the Plaintiff has suffered damages in Ontario as a result of the Defendant's failure or refusal to repay the Advance.

13. Interest has accrued, is continuing to accrue and is owed on the principal amount of the Advance.

14. The Plaintiff is therefore seeking recovery from the Defendant in the amount of \$300,000.00 being the principal amount of the Advance, together with interest thereon in accordance with the terms of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

15. The Defendant has already attorned to the jurisdiction of this Honourable Court in that he has instructed his counsel to agree with the Plaintiff's counsel to accept service of the Statement of Claim on his behalf. The Defendant or his counsel subsequently purported to resile from this agreement.

16. The Plaintiff pleads that this proceeding consists of, *inter alia*, claims in respect of (1) a contract where the contract was made in Ontario; (2) a breach of contract committed in Ontario; and (3) damages sustained in Ontario, and accordingly, the Plaintiff relies on subrules 17.02(f)(i), 17.02(f)(iv), and 17.02(h) of the *Rules of Civil Procedure* in support of service of this Statement of Claim upon the Defendant outside Ontario without leave.

The Plaintiff proposes that this action be tried at Toronto.

DATE: 22 March 2007

**BRANS, LEHUN, BALDWIN**

Barristers and Solicitors

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Toronto, Ontario

M5H 1T1

**Richard E. Anka; Q.C.**

(416) 601-1030

Fax (416) 601-0655

Solicitors for the Plaintiff

BETWEEN:

KARLHEINZ SCHREIBER

- and -

BRIAN MULRONEY

---

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Proceedings Commenced at Toronto)

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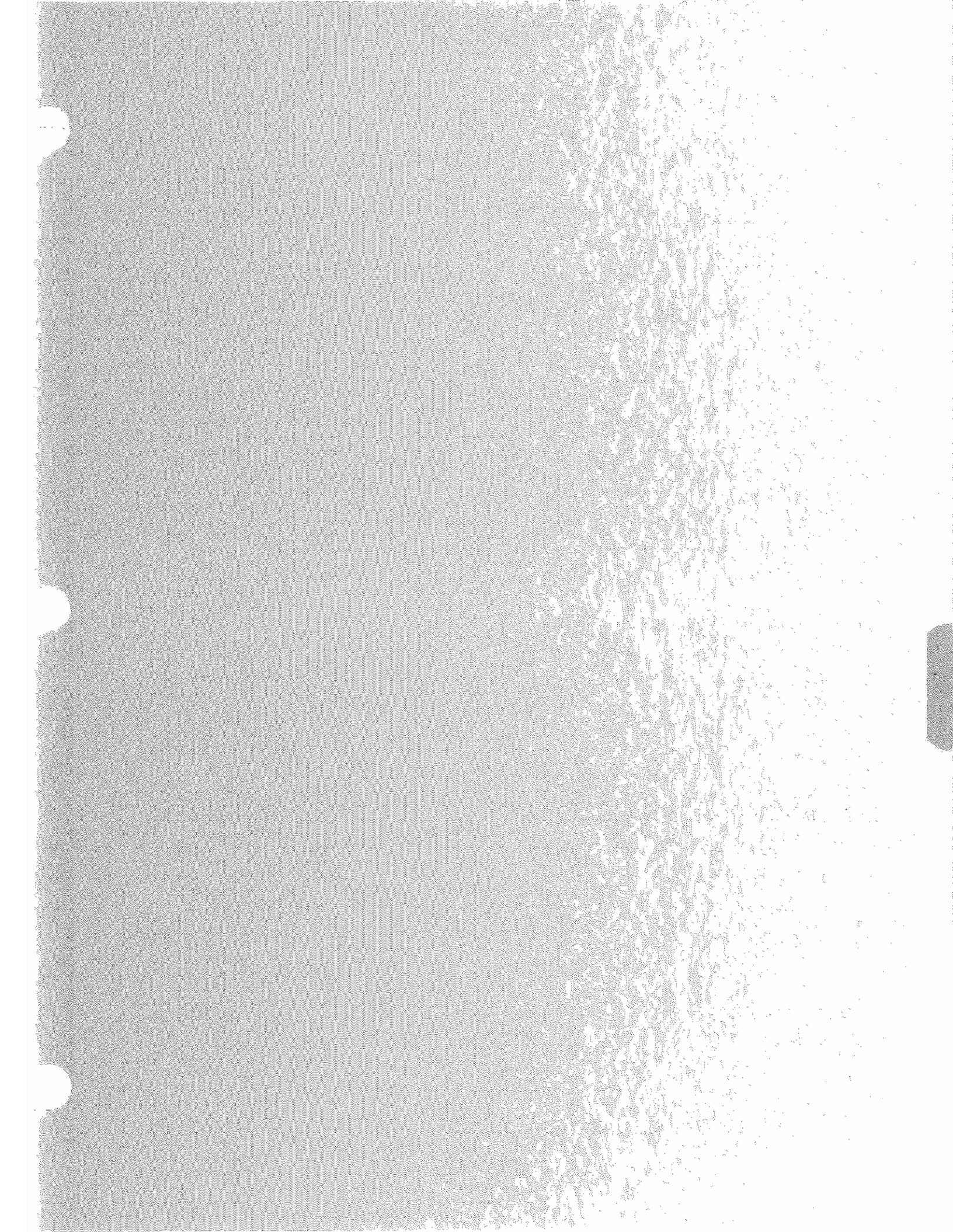
Amended Statement of Claim

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**SOURCE: CBC RADIO**  
**DATE: MARCH 26, 2007**  
**REFERENCE:2603DOC1**

**PROGRAM: AS IT HAPPENS**  
**TIME: 18:40**  
**LENGTH: 11 MINUTES**

**INTERVIEW: KARLHEINZ SCHREIBER**

BARBARA BUDD (Announcer): Karlheinz Schreiber is just generally a pretty quiet guy. In the eighties and nineties he brokered multi-million dollar deals between some of the most powerful men in the world without anyone even knowing his name. And even when the Airbus scandal broke as his name became a household word in Canada, Mr. Schreiber remains notoriously tight-lipped. But now Mr. Schreiber is facing extradition to Germany on charges of bribery and tax evasion, and he's going out with a bang. Karlheinz Schreiber has launched a lawsuit against Brian Mulroney for 300,000 dollars and he's calling on the government to hold a public inquiry into the scandal. We reached Karlheinz Schreiber in Ottawa.

CAROL OFF (Host): Mr. Schreiber, you usually like to keep out of the public limelight. I'm wondering, why this very public act of suing Brian Mulroney for 300,000 dollars?

KARLHEINZ SCHREIBER: Because he never rendered the service he was supposed to do then.

---

OFF: And what was that service.

SCHREIBER: The service, as you saw it perhaps lately in the media, is to build finally the plans for the Thyssen AG from Germany, which I came here for and became the chairman of the company for armoured, light armoured cars for the peacekeeping missions and environment protection programs.

OFF: And when did you get the idea that he was not going to perform these services?

SCHREIBER: Well, it started that I was unhappy that he never supported my case in Edmonton and that he never asked for a public inquiry. But as long as the Liberal Party was in power I could somehow understand that this may not work because there were requests for an inquiry and (inaudible...). So since then I hoped that he would finally support my request for an inquiry. And since he hasn't done this, the last thing I could even think I would have been (inaudible) in after all the (inaudible) stories that went on between him and me during the last years, I thought I'd bring it to an end.

OFF: But are you then, are you punishing Brian Mulroney for not supporting your call for an inquiry or are you really trying to seek money you feel he didn't pay you?

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SCHREIBER: No. It's altogether. I mean there is, when a relationship is somehow – what can I say – damaged, how can you then do business together in the future?

OFF: So why did you then, why did you pay him cash then, three occasions and with a so-called advance? Why did you pay him that cash?

SCHREIBER: Well, this is part, at the beginning when I learned that he has problems, financial problems from Fred Doucet, and you may have heard this on the Fifth Estate program. I saw him and in Switzerland we had funds (inaudible) for the project. And when he agreed to work with me on that I, I arranged for the first funds.

OFF: But how did you go about giving Brian Mulroney this money? I mean it was cash.

SCHREIBER: Yeah.

OFF: In what denominations?

SCHREIBER: They asked me, in (inaudible). It's pretty simple. The man needed money for the moment. And this was a project which we might do. And I thought, okay, he gets a down payment, and whenever he performs service he would then send proper bills or this could, could have been even more in

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the future then. And when you need money badly at the moment then you make sure that that really has a benefit from it. And I think – this is my opinion – if he would have done something else and would have gone to his company, he might have had to share, pay the tax and the whole thing would have been reduced.

OFF: But did you ever receive receipts for that?

SCHREIBER: No.

OFF: How, how is it that you hand cash to a former prime minister? How does that work?

SCHREIBER: Well, in an envelope. In principle it's pretty simple. I brought the money and (inaudible) hundred bills.

OFF: And you were, where did you make the payments to him?

SCHREIBER: One was at the airport hotel. We were there because I was just on my way to fly out. Another one at the Queen Elizabeth. Another one at the Pierre in New York.

OFF: And when you handed him the envelope of cash, what did he say to you?

SCHREIBER: Thank you.

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OFF: And how did, how did you, how did you, the Pierre Hotel for instance, how did you pass him the money?

SCHREIBER: We were sitting on the table and he on one side and I on the other and I gave it to him. There was a newspaper laid on the table and he folded the newspaper over the envelope and left with it.

OFF: What did you think when Brian Mulroney, when he was successfully suing the government? He said that he had only casual knowledge of you, that you'd meet from time to time to have a coffee. What did you think of that?

SCHREIBER: Well, this was a pretty surprising story for me. And you may recall that later on, (inaudible) to 1999, I was asked for certain confirmations I was not prepared to give. And then suddenly his spokesman told the CBC (inaudible) that Karlheinz Schreiber is the greatest fucking liar. This is what we believe. And I started a lawsuit against CBC because I (inaudible) the complete different story how it happened. Finally I had to give up when I got to know what really the case was and what the truth was. So from then on there was this feeling that he of course tried to distance himself from me. Why would he say things like this?

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OFF: Why didn't you at that point come forward and say what you knew, that you had, that if you had given this money to Brian Mulroney, this cash, for which you had no receipts, why didn't you come forward at that point and tell the authorities that?

SCHREIBER: Well, normally – and you said it earlier – it's not my habit to be an information office for anybody. But as I said to you, I had this court case, (inaudible) case in Alberta, where I have the chance to get all these people for discoveries. And I would have preferred to get all the answers under oath in a courtroom or in a discovery. That's, that's the main reason.

OFF: And that's why you're pursuing this suit now?

SCHREIBER: Yes. And because I have this lawsuit now still pending and why this thing happened with international undercover agents who tried to put me in jail and then by putting me in criminal activities in Canada. The next thing is the extradition, which is in cooperation with the Germans since 1995. And so all these delay tactics just to keep the public and me away from a courtroom in Alberta to bring out the truth. So therefore my great hope is that an inquiry takes place and all this comes to the attention of the Canadian public.

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OFF: But who do you think, what do you think we would learn from an inquiry?

SCHREIBER: We would learn from an inquiry what the, what the politicians initiated and finally was continued by the RCMP and the Justice Department, because most of it in the meantime is a cover-up action, you know, to conceal what really happened.

OFF: And who covered it up?

SCHREIBER: The RCMP, the Department of Justice. And you may, I don't know whether you know, I have also (inaudible) complaints against the RCMP – what is it called – public, public commission? I have, I have done, let me say, four or five different routes to get this out. And of course my, my hope, as you can understand, was when Conservatives, for many, many years, are calling and asking for an inquiry. When they have the chance then to do it since they came to power, you would expect they do it and fulfil their election promises.

OFF: All right. Let's put that as a question. There are some Conservatives, two in particular, Peter MacKay being one, who was the son of one of your very good friends.

SCHREIBER: Yes.

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OFF: They have been, they were asking for an inquiry when they were in the opposition.

SCHREIBER: Yes.

OFF: Why have they changed their minds?

SCHREIBER: I have no idea. But with Peter MacKay it is very normal. He used to be the justice critic for the Conservatives. You had Mr. Chuck. You had Mr. Sorenson.

OFF: Mr. Chuck Strahl.

SCHREIBER: Yeah. And then David Angus, Marjory LeBreton. Many people. And there was even a standing committee with Mr. Ramsay to, to vote for an inquiry, which they lost.

OFF: So why do you think they don't want an inquiry now?

SCHREIBER: Yeah. This is the great question I ask. There seems to be a great fear for an inquiry now on the side of the Conservatives.

OFF: What do you think the Conservatives are afraid of?

SCHREIBER: I can only guess that there is something much bigger I don't know about from these times or around Mr. Mulroney and that they are scared to bring it to light, because otherwise I mean when you look at the  
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situation, they are looking for a majority government, normally you would use all the chances you have to gain votes. Right?

OFF: You're fighting an extradition to Germany.

SCHREIBER: Yes.

OFF: Where is that at at this point?

SCHREIBER: We have a judicial review of a decision from the last minister, which was, was Mr. Toews regarding a submission from us on a pre-conviction in Germany through the German judges. If we would lose there, then we can appeal to the Supreme Court.

OFF: Mr. Schreiber, thank you very much for speaking with us.

SCHREIBER: Thank you so much for calling.

OFF: Bye, bye.

SCHREIBER: Take care now.

OFF: You too.

BUDD: That was businessman and former lobbyist Karlheinz Schreiber, speaking to us from Ottawa.

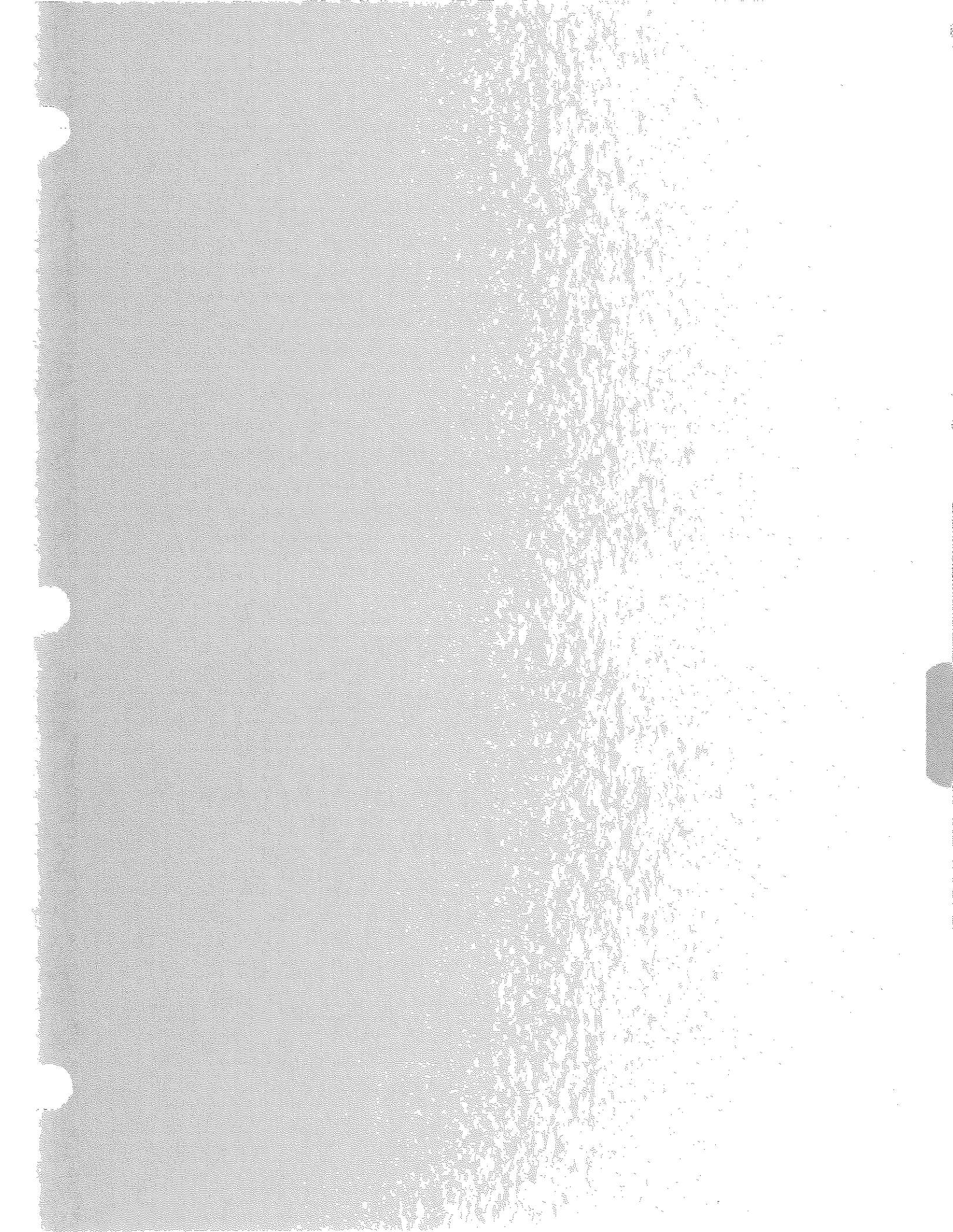
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**[Zurich, Switzerland. February 2, 1998. A former Canadian prime minister on a business trip to Europe makes a private side trip. The purpose of the visit to the financial heart of Switzerland is for reassurance]**

CBC Television - the fifth estate

Broadcast Date: Wednesday, October 31, 2007

Time: 21:00 EDT

Network: CBC - Television

LINDEN MACINTYRE (HOST):

Zurich, Switzerland. February 2, 1998. A former Canadian prime minister on a business trip to Europe makes a private side trip. The purpose of the visit to the financial heart of Switzerland is for reassurance. He's in a crisis that could mar his legacy and his career. There have been serious allegations of corruption. They will not go away, in spite of a successful legal battle with the government of Canada. In a high-priced suite in the Savoy Hotel, the former prime minister will meet the author of his troubles, a businessman who has become a fugitive. His name is Karlheinz **Schreiber**.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Brian Mulroney rented a suite there for lunch with me.

LINDEN MACINTYRE (HOST):

What did he want?

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

The reason for the visit was to more or less find out whether there would be any evidence that he received any money.

LINDEN MACINTYRE (HOST):

Good evening and welcome to "The Fifth **Estate**". I'm Linden Macintyre in Zurich, Switzerland. Tonight, Brian Mulroney, once one of Canada's most reviled prime ministers, enjoys redemption in a book he wrote himself and a television portrait partly crafted by his image-makers. But an old political associate who helped finance his rise to power and its awkward monetary aftermath faces a more uncertain future, extradition followed by imprisonment in a land he left behind a decade ago. Tonight, an unauthorized and still unwritten chapter in the political biography of Brian Mulroney.

The legendary secrecy of the Swiss banking system could not prevent disclosure of clandestine bank accounts and cash advances of \$300,000. Now tonight, revelations of a struggle to keep the public in the dark about that money. It is the literary event of the year. The launch of Brian Mulroney's memoirs, his turn to shape the story of his life, from humble beginnings to the highest political office in the land. A memoir is a time to settle scores, a time to set the record straight. And this one does all that, with one notable exception at the centre of the darkest chapter of his life, this man, a businessman named Karlheinz **Schreiber**. Karlheinz **Schreiber** is now in jail in the grim Metro West Detention Centre near Toronto's Pearson International Airport, awaiting extradition to face imprisonment in Germany. Germany accuses him of bribery, fraud, and tax evasion, which he denies. His only crime in Canada, embarrassing the powerful. He spoke to us before he went to jail. With nothing left to lose, he will now,

for the first time, explain how powerful friends attempted to induce him to construct an elaborate lie to save their reputations.

KARLHEINZ SCHREIBER (BUSINESSMAN):

There comes somehow a moment from my family and from my friends, especially from my wife where we say enough is enough. And Canadians should get to know what really happened. Because I came to Canada, I fall in love with the country. And what I faced then are lies and betrayal. It's incredible. And I keep my mouth shut. But now I have enough. I have simply enough.

LINDEN MACINTYRE (HOST):

Winnipeg 1983. They go back a long way, to the early '80s and Brian Mulroney's emergence as a force within the Tory Party. In Winnipeg, Mulroney observes the death throes of his party leader, Joe Clark, as he fails to get the vote of confidence he wants.

JOE CLARK (then LEADER OF THE CONSERVATIVE PARTY):

My friends, that mandate is not clear enough.

LINDEN MACINTYRE (HOST):

In his memoirs, Mulroney is surprised Clark didn't stay on. ½I was flabbergasted. He's throwing in the towel with 67%? This can't be happening. But it was happening and Mulroney knew it was no accident. Mulroney partisans, led by the former premier of Newfoundland, Frank Moores, had been busy undermining Clark among the delegates. And he had financial help from Karlheinz Schreiber.

KARLHEINZ SCHREIBER (BUSINESSMAN):

Think about when we came here, it started all with the dumping of Joe Clark, right. That is how it all got started. So I came, I got to know Frank Moores in St. John's and then the next meeting was then in Montreal when Mulroney was the president from Iron Ore.

LINDEN MACINTYRE (HOST):

In 1982, the man who would soon become prime minister congratulated Schreiber on becoming a Canadian citizen. Schreiber had an agenda, cultivating influential friendships and generating business for European companies.

KARLHEINZ SCHREIBER (BUSINESSMAN):

So that is the secret more or less of my personality. That I made all these friends before and we helped them. And when you come with money and when you help them and when you are friendly, it's easy to make friends. And it's easy to have relations, and then it's easy to do business.

LINDEN MACINTYRE (HOST):

Easier still by 1988, when his friends were close to the people who were running the country. Frank Moores, who helped Mulroney on his way to power, was the leading lobbyist in Ottawa. Moores is in the memoir, but discretely. ½He was a political veteran. We would meet from time to time for dinner, Mulroney wrote. But the political veteran turned lobbyist had become a target for opposition charges of cronyism and corruption.

UNIDENTIFIED MP:



(In the House of Commons) The firm of Moores and Doucet obviously has connections into the Prime Minister's Office.

UNIDENTIFIED MP:

(In the House of Commons) It's not what you know but who you know and how much you pay to get results.

LINDEN MACINTYRE (HOST):

Moores was tight with the prime minister and he was working for Karlheinz **Schreiber** and a major **Schreiber** client, the European airplane maker Airbus Industrie. Moores also had connections with Air Canada and Air Canada was shopping for airplanes. Over a billion dollars worth of airplanes.

JOHN CROSBIE (then CONSERVATIVE MP):

(In the House of Commons) ...or its honesty or whatever. The honourable member is insinuating, he is trying to set an innuendo as he did yesterday, thoroughly unscrupulous in his approach.

BRIAN TOBIN (then LIBERAL MP):

(In the House of Commons) This is a \$1.5 billion contract we are talking about and the people of Canada have a right to have questions asked and answers given by a minister without bluster or false outrage.

LINDEN MACINTYRE (HOST):

But what the opposition didn't know was potentially more explosive than their wildest speculation. **Schreiber** had a secret deal with Airbus, that if Air Canada bought their planes while the Mulroney government was in power, Airbus would pay **Schreiber** nearly \$20 million in commissions, fees they called grease money that he'd share with people he felt helped to make the deal happen, people like the lobbyist Frank Moores. In 1988, Air Canada bought 34 planes from Airbus. For Frank Moores, it was payday and party time. Frank Moores' performance both as premier and lobbyist gave new meaning to "party politics". The nasty fallout from the Airbus sale was still far in the future. Frank had lots to celebrate on this business trip to Germany and Switzerland with Karlheinz **Schreiber**.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Oh, he was happy. We were all very happy. (Footage from amateur film, speaking to Frank Moores): This here is Vettliner Keller. Vettliner Keller means.. .

LINDEN MACINTYRE (HOST):

**Schreiber** was the perfect tour guide. He knew Zurich well. They opened new accounts here to handle all that Airbus grease money for Moores and others. But money often has a strange effect on partnerships. They didn't know it yet, but a key figure in the deal was feeling left out of the bonanza.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Look, this is very simple. When it goes with money, I have never seen in these circumstances that people say, oh, this is too much, please take it back. It's always not enough.

LINDEN MACINTYRE (HOST):

Lugano, Switzerland. **Schreiber** had a business partner living here. Giorgio Pelossi had been his accountant for years. He helped set up the secret Airbus accounts and he clearly felt he wasn't getting his fair cut of the grease money, so he started helping himself.

GIORGIO PELOSSI (ACCOUNTANT):

I took some money from the account and then he said, \_Oh, it's not correct and you have to give it back , and so on.

LINDEN MACINTYRE (HOST):

His actions would ignite a firestorm for **Schreiber** and his friends, in Canada and Germany. Bonn, Germany, June 13, 1991. Brian Mulroney cut an impressive figure internationally. Among his foreign interests, the reunification of East and West Germany for which he earned the gratitude of the German Chancellor Helmut Kohl. His memoir savours moments on the global stage and the personal relationships he'd formed. ½Kohl and his wife took Mila and me to their favourite brunch restaurant. We toasted our successful visit. But in the book, you'll find no mention of a lunch that included Karlheinz **Schreiber** or the diplomatic dinner for Mulroney and his wife where the Schreibers were included on the guest list. (Helmut Kohl shaking hands with Karlheinz **Schreiber**) **Schreiber** had a gift for cultivating friendship and his friends would one day pay a heavy price for it. When we come back...

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Oh, he was terribly upset about the whole thing and Mila Mulroney was totally scared.

(Commercial break)

LINDEN MACINTYRE (HOST):

June 1993. For Brian Mulroney, the relationship with Karlheinz **Schreiber** would veer into dangerous waters in Harrington Lake, the prime minister's summer residence just outside Ottawa. The smallest details of these days, the closing hours of his public life, will also close his book. ½My feeling is bittersweet, some sadness at leaving such a powerful and exciting job, but serenity in the knowledge that it was time. The memoir will be silent about one crucial meeting just two days before he formally left office. June 23rd. A former Mulroney adviser, now a lobbyist, named Fred Doucet has arranged a meeting at the PM's summer residence north of Ottawa. A limousine will pick up a mutual friend in the city that afternoon, deliver him to the prime ministerial retreat. The visitor has been informed the prime minister, now approaching private life, has a pressing need for money. He is a man with known financial resources, global business interests, and a streak of whimsical generosity. Perhaps they can reach a mutually beneficial understanding. Karlheinz **Schreiber**:

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

It really happened through Fred Doucet who told me, \_Karlheinz, Brian is now leaving, he has to go to the private sector and he has really financial problems.'

LINDEN MACINTYRE (HOST):

**Schreiber** was happy to help. 33 days later, he flew to Switzerland, visited his bank in Zurich, opened up a secret bank account, code named ½Britan . There, he deposited \$500,000 of the secret commissions he received from European companies, including Airbus. Then he withdrew \$100,000 in cash, flew back to Canada, and handed it over to the now ex-prime minister at an airport hotel north of Montreal.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

This was the first meeting where I really brought the first 100,000 to him.

LINDEN MACINTYRE (HOST):

Just over three months later, another \$100,000 from that bank account in Zurich and then another hotel room meeting at the Queen Elizabeth in Montreal and another cash delivery. The final meeting was here at the Pierre Hotel in New York City early in December 1994. **Schreiber** handed Mulroney another envelope stuffed with \$1,000 bills. But this time, there was a shadow hanging over the payment. There was a little problem overseas. Awkward inquiries were being made. It seems that **Schreiber**'s partner, the Lugano-based accountant named Giorgio Pelossi, had done the unthinkable. He had gone to the police. And soon he'd be in the media in Germany and Canada.

GIORGIO PELOSSI (ACCOUNTANT):

(TV interview) I met with Mr. **Schreiber** and Mr. Moores in Zurich, and we went to the Swiss Bank Corporation. The purpose was to open two accounts in the name of Mr. Moores. One for Mr. Moores personally and the second for Canadian friends.

LINDEN MACINTYRE (HOST):

12 years later, Giorgio Pelossi is still unapologetic about unleashing a whirlwind that would sweep up both Frank Moores and eventually his friend, Brian Mulroney. (Interview): So you had heard Moores or Mulroney's name mentioned early on?

GIORGIO PELOSSI (ACCOUNTANT):

Yes.

LINDEN MACINTYRE (HOST):

Who told you that?

GIORGIO PELOSSI (ACCOUNTANT):

**Schreiber**. He told me all the time. And he told me that he went to... met him a few times and met him in Ottawa.

LINDEN MACINTYRE (HOST):

So were you concerned in any way that when you did start to talk about this that it was going to create a huge political scandal in Canada?

GIORGIO PELOSSI (ACCOUNTANT):

Possibly.

LINDEN MACINTYRE (HOST):

Montreal. November 2, 1995. The former prime minister is living in comfortable retirement in Westmount. The hard transition to private life somewhat softened by the generosity of Karlheinz **Schreiber**. Now shocking news. **Schreiber** phones to inform him that the RCMP have sent an official "letter of request" to Switzerland. The Mounties wanted access to **Schreiber**'s bank accounts and they were alleging that Mulroney, while in office, had received a share of those secret Airbus commissions. That night, Mulroney spoke with Karlheinz **Schreiber**.

KARLHEINZ SCHREIBER (BUSINESSMAN):

Oh, he was terribly upset about the whole thing. And Mila Mulroney was totally scared because he threatened to commit suicide and I had not the smallest clue why he would do that.

LINDEN MACINTYRE (HOST):

The panic didn't last long. Within days, Brian Mulroney hired three of the best lawyers in Canada and a public relations firm. And he sued the government of Canada for \$50 million. It was a gamble. After all, he'd recently received \$300,000 from Schreiber. But it was all cash, almost impossible to trace. And he wasn't about to make it any easier. It was the beginning of an aggressive cover-up that almost worked. A cover-up that until now has never fully been reported.

LUC LAVOIE (then BRIAN MULRONEY SPOKESMAN):

Good afternoon, ladies and gentlemen. My name is Luc Lavoie. I will be the moderator for this press conference.

LINDEN MACINTYRE (HOST):

Round one: A categorical denial.

HARVEY YAROSKY (then ONE OF BRIAN MULRONEY'S LAWYERS):

Mr. Mulroney categorically and unequivocally states that he had absolutely nothing to do with Air Canada's decision to buy Airbus, nor did he receive a cent from anyone. He was simply not a part of any conspiracy whatsoever.

LINDEN MACINTYRE (HOST):

Round two: The denials became more sweeping. In his statement of claim, he insisted he "never received any of the alleged payments in any form, from any person, for any consideration whatsoever". Round three: The media were boiling his denials down to an absolute assertion.

CLIP FROM NEWS REPORT:

½...that he never received any payment from anyone.

BRIAN MULRONEY (FORMER PRIME MINISTER):

Good morning. Nice to see you.

(People encouraging Brian Mulroney)

LINDEN MACINTYRE (HOST):

In the pre-trial testimony, Mulroney would have to handle the tricky question of his relationship with Karlheinz Schreiber under oath.

UNIDENTIFIED MAN:

Did you maintain contact with Mr. Schreiber after you ceased becoming prime minister?

VOICE OF BRIAN MULRONEY:

Well, from time to time, not very often, on his way to Montreal, he would call me. As I say, perhaps once or twice I could come to a cup of coffee with him at a hotel.

LINDEN MACINTYRE (HOST):

At no time did he ever mention the \$300,000 cash he got from **Schreiber** at those hotel room meetings. But then, nobody asked directly. At one point, he asserted boldly...

VOICE OF BRIAN MULRONEY:

I had never had any dealings with him.

ALLAN ROCK (then JUSTICE MINISTER):

Good morning.

LINDEN MACINTYRE (HOST):

And it worked. The government of Canada didn't just back down, they fled the field. Then federal justice minister soon to be an ex-politician, Allan Rock, apologized. And more.

ALLAN ROCK (then JUSTICE MINISTER):

It should be noted that the government and the RCMP have decided that costs are to be paid to achieve this settlement.

LINDEN MACINTYRE (HOST):

The Canadian taxpayer would pay for all of Mulroney's legal and P.R. costs, \$2.1 million worth in all. For Mulroney, it was victory and vindication.

BRIAN MULRONEY (FORMER PRIME MINISTER):

The stain had to be purged and that's what we were fighting for. I was fighting for my family's reputation and honour and my own. If the government has learned from this and never again does this to another Canadian family, then I guess in some ways, the experience would have been beneficial.

LINDEN MACINTYRE (HOST):

His relief was palpable. He dodged the Airbus bullet. But there was a time bomb ticking in a still-secret bank account in Switzerland. When we come back, secret bank accounts exposed.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

The reason for his visit was to more or less find out whether there would be any evidence that he received any money.

(Commercial break)

LINDEN MACINTYRE (HOST):

It is the fall of 1995, winter is coming, but the heat is on in Germany, thanks to incriminating disclosures by **Schreiber's** treacherous accountant, Giorgio Pelossi. **Schreiber** makes a shrewd pre-emptive dash for the Swiss frontier. Within a year, he would be a wanted man in Germany. Switzerland, his banking haven, now becomes his temporary home. But according to his personal records, the fugitive kept in remarkably close contact with Brian Mulroney, who had recently protested that he hardly knew the man. According to **Schreiber's** records, there were calls from the former PM, from New York, Disneyworld, Paris.

**KARLHEINZ SCHREIBER (BUSINESSMAN):**

In 1998, then there was a series of telephone calls. Then he came to see me in Switzerland. And I thought it was nice.

**LINDEN MACINTYRE (HOST):**

It is now 1998. You'd think the last person on the planet Brian Mulroney would want to see again was Karlheinz **Schreiber**. Remember just a couple of years ago, testifying under oath, he narrowly avoided disclosing those peculiar cash payments, \$300,000 from a man he said he barely knew. But on February 2, the former prime minister is in a suite in the Savoy Hotel in Zurich, Switzerland, waiting for a crucial meeting with none other than Karlheinz **Schreiber**. By now a fugitive from German justice. Shortly after noon that day, **Schreiber** would be met in the Savoy lobby by a former Mulroney speechwriter, escorted to the elevators.

**KARLHEINZ SCHREIBER (BUSINESSMAN):**

It was a beautiful hotel. Hotel Savoy. In the centre of Zurich at the Paradeplatz where all the nice banks are around and everything.

**LINDEN MACINTYRE (HOST):**

But now he's a visitor on his way to a second floor suite for a private lunch, just the two of them.

**KARLHEINZ SCHREIBER (BUSINESSMAN):**

And so Brian Mulroney rented a suite there for lunch with me.

**LINDEN MACINTYRE (HOST):**

A suite?

**KARLHEINZ SCHREIBER (BUSINESSMAN):**

I was a little bit surprised. Maybe we could have gone to the restaurant.

**LINDEN MACINTYRE (HOST):**

Room service?

**KARLHEINZ SCHREIBER (BUSINESSMAN):**

Room service. And as far as I recall, we had smoked salmon and pumpnickel. Two hours or so.

**LINDEN MACINTYRE (HOST):**

How much did that cost?

KARLHEINZ SCHREIBER (BUSINESSMAN):

Yeah, when I found out later on that he paid 2,106.05 Swiss francs which is somehow the same in Canadian dollars.

LINDEN MACINTYRE (HOST):

He paid it?

KARLHEINZ SCHREIBER (BUSINESSMAN):

Yeah, with his Visa, a credit card.

LINDEN MACINTYRE (HOST):

There was small talk over the smoked salmon and the capers, reminiscences about happier times, like the day of vindication in 1995 when Ottawa surrendered to his indignation, apologized, and coughed up \$2.1 million for his trouble. Yet here, **Schreiber** found him tense.

KARLHEINZ SCHREIBER (BUSINESSMAN):

And then I found a very nervous, very nervous Brian Mulroney and the reason for this, for his visit was more or less to find out whether there would be any evidence that he received any money.

LINDEN MACINTYRE (HOST):

So that was what the meeting was about, the \$300,000, and it seems the Mounties were still sniffing at those nasty rumours about payments to Mulroney. **Schreiber** said there wasn't a thing to worry about. Cash is untraceable.

KARLHEINZ SCHREIBER (BUSINESSMAN):

If he would have said I never received from him 300,000, I don't even know what he is talking about, I would have had no way to prove that he got 300,000 from me. So when he left, I thought he was somehow in good shape.

LINDEN MACINTYRE (HOST):

The meeting ended. Mulroney returned to Canada, reassured. **Schreiber** was discrete. **Schreiber** could be trusted. **Schreiber** would remain in Switzerland, in exile for another year. He had explosive documents and secrets, but his mouth was firmly buttoned. By mid-1999, Mulroney was talking tough again about the RCMP.

BRIAN MULRONEY (FORMER PRIME MINISTER):

They are unrelenting in their pursuit of whomever or whatever. They've got nine or ten people going around the world, year after year, talking to everybody and his brother about this and they can do it until the cows come home as far as I'm concerned. They won't find a single solitary thing, because nothing, as far as I'm concerned, was ever done wrong. But they go around the world but they don't come down the street to see me.



LINDEN MACINTYRE (HOST):

Maybe the Mounties were just too busy tracking Mulroney's old friend Karlheinz **Schreiber**, who by this point was living in Toronto, which was where they caught him in August 1999, after Germany issued an international arrest warrant alleging bribery, fraud, and tax evasion. He hired one of Canada's top criminal lawyers. It wasn't long before he was free on bail. His friends, especially those with troubling secrets, would have been encouraged by his words.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

(Outside of courtroom) It is I think a great pleasure, honour, to have friends. I've always had friends in my life and will never let a friend down. So they came here to get me out. I will never do anything to harm them.

LINDEN MACINTYRE (HOST):

But his legal problems were only just beginning. In Germany, there was a growing scandal over payments he had made to important people there. Among the casualties, businessmen and public servants and big name politicians, including the former chancellor Helmut Kohl. The time bomb was in the **Schreiber** bank accounts from Switzerland. And they were now in the hands of German authorities and soon to be in the hands of the media. And there it was, the secret bank account named ½ Britan with cash withdrawals totalling \$300,000. Brian Mulroney had denied getting money from anyone connected with **Schreiber**. But if Britan meant Brian, Brian was lying. During a phone conversation with "The Fifth **Estate**", his spokesperson, Luc Lavoie, remained adamant in his denial.

LUC LAVOIE (MULRONEY'S SPOKESPERSON):

I mean, the bottom line is that he never received any money from anybody. There was never any money. Because he is too smart to do something like that. It is just too dumb. It is too damn stupid.

LINDEN MACINTYRE (HOST):

And now the stakes were raised dramatically for Brian Mulroney. His early denial that he had anything to do with the Airbus contract, which was probably true, had evolved into dangerous territory. Flat-out claims that he'd never received any money, ever, from anybody connected to the Airbus sale. This assertion was at odds with **Schreiber's** Swiss bank documents. Mulroney needed absolute deniability and there was only one man who could provide it. Karlheinz **Schreiber**. Then, a member of Mulroney's team, desperate to distance him from Britan, made a catastrophic error. With the Britan account about to become public on "The Fifth **Estate**", Mulroney's spokesman Luc Lavoie exploded in frustration.

LUC LAVOIE (MULRONEY'S SPOKESPERSON):

(On the phone) Karlheinz **Schreiber** is the biggest fucking liar the world has ever seen. That's what we believe.

LINDEN MACINTYRE (HOST):

Karlheinz **Schreiber**, up to now the loyal guardian of secrets, was outraged.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

And then I thought what the hell is this for and I got the message. I must say that message got pretty fast. This is how more or less dummies or little children play these games.

LINDEN MACINTYRE (HOST):

**Schreiber** felt betrayed and that was dangerous. It was time for reconciliation.

BRIAN MULRONEY (FORMER PRIME MINISTER):

Life takes its toll on all of us. And this has not been a pleasant experience for anybody.

LINDEN MACINTYRE (HOST):

Months later, a public gesture of concern for Mr. **Schreiber**.

BRIAN MULRONEY (FORMER PRIME MINISTER):

(To CBC reporter Brian Stewart): What is sad about this is the assumption people presume guilt on his part and on the part of others. Mr. **Schreiber** should be presumed to be innocent. And moreover, he has a wife and a family and the personal dimension of this should not be lost on people.

LINDEN MACINTYRE (HOST):

So far, so good. **Schreiber** was under enormous legal pressures. He'd been publicly insulted by Mulroney's alter ego. The Britan account was public now. But still, not a whisper that would link him to secret payments. And then, a bonus.

VOICE OF PETER MANSBRIDGE (HOST, CBC'S ½THE NATIONAL):

The RCMP today announced it has closed the file on Airbus.

RCMP SPOKESPERSON:

No further chance that he will be charged with anything criminal with respect to this investigation.

LINDEN MACINTYRE (HOST):

It was over. RCMP documents show they just could not confirm allegations Mulroney had actually received money. Mulroney himself declined to talk to the Mounties. When we come back, a scramble that came within a whisker of breaking the law.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

I was not prepared to do that because it was a clear request towards me to commit perjury.

(Commercial break)

LINDEN MACINTYRE (HOST):

It is now a new millennium and things have settled down for everyone but Karlheinz **Schreiber**. The Germans are still after him. He's fighting a losing battle to stay in Canada. He has secrets that make a lot of people anxious to see him go. Eventually, a big one came out, the \$300,000 cash payments to the former prime minister. There was a media flurry, but it soon became apparent that Mulroney's biggest problem wasn't all that money after all. It was potentially worse. All those passionate claims that he hardly new Karlheinz **Schreiber**, that he'd never had any dealings with him, were now demonstrably untrue. It was a problem that wasn't going to go away, at least until Karlheinz **Schreiber**

went away. But **Schreiber**, it seemed, wasn't going anywhere. And, still exiled in Toronto, he seemed to be thawing toward old adversaries in the media, dropping tantalizing hints about money that he gave away.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

If you want me to disclose to whom I gave donations, I would become a book like a bible.

LINDEN MACINTYRE (HOST):

You've given a lot of money to a lot of people.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Sure.

LINDEN MACINTYRE (HOST):

Then February 2006, he was talking about money he gave to Brian Mulroney, for the first time confirming cash payments, disclosing that, whether Brian Mulroney knew it or not, the money actually came from secret commissions paid by, among others, Airbus.

LINDEN MACINTYRE (HOST):

So I draw the conclusion that the money came out of Britan and went to Brian Mulroney.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Yeah, sure.

LINDEN MACINTYRE (HOST):

And when asked what the former pm had done to earn the \$300,000, he mocked his former friend.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

What are you asking me now is...

LINDEN MACINTYRE (HOST):

Very simple. What did he do?

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

What has he done for the money. (Laughing)

LINDEN MACINTYRE (HOST):

But there were people in Ottawa who didn't find it quite so funny, people in the Justice Department who recalled the humiliating retreat in 1995, when a minister apologized and paid \$2.1 million after Mulroney flatly denied any dealings with **Schreiber**. What now, the more audacious wondered. Could they try to get the money back? The answer, yes, it might be possible. But it wasn't likely to happen. Ottawa was now under new political management. The answer never made it to the minister's office.

Brian Mulroney was part of the transition team. **Schreiber's** revelations were going nowhere. But he wasn't finished. Tonight, for the first time, he gives details of an attempted cover-up to save Mulroney's reputation. It began just before the secret Britan account became public on "The Fifth Estate".

October 17, 1999. Brian Mulroney and one of his lawyers place a series of phone calls to a lawyer in Edmonton, a member of **Schreiber's** legal team. The former PM, himself a lawyer, had a highly unusual request for Robert Hladun. Mulroney wanted a written statement from **Schreiber** that "at no time did he ever solicit or receive" money from the German businessman. An unusual request because it simply wasn't true.

(Interview): He called your lawyer.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Yeah.

LINDEN MACINTYRE (HOST):

Asking for an affidavit.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Affidavit or a declaration or whatever. Mulroney wants some kind of declaration or affidavit that he never received any money from you.

LINDEN MACINTYRE (HOST):

The request to deny what both knew to be true ended up on the desk of Edward Greenspan, a **Schreiber** lawyer in Toronto. It didn't take him long to alert his client that they were in perilous territory. **Schreiber** got the message.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

I was not prepared to do that because it was a clear request towards me to commit perjury. And why would I do that?

LINDEN MACINTYRE (HOST):

The lawyer Greenspan didn't mince words.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

He only said to me, if you ever sign any affidavits or any documents or whatever without my permission, as long as I'm your lawyer, I cut your hands off or you look for a new lawyer. He's a very humorous guy.

LINDEN MACINTYRE (HOST):

So Eddie was concerned about this request.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

When I asked him that there was a request that I should give such a declaration, he said, under no circumstances. End of story.

LINDEN MACINTYRE (HOST):

The Britan account, and those withdrawals adding up to \$300,000, created a brand new headache for the former prime minister, an inconvenience called income tax. The payments, five years earlier, had been in cash. He hadn't paid the taxes when he got the money. Now he made a voluntary disclosure of the "income". But the taxman would want to know where the money came from and what it was for. (Interview): How do we know you know about the voluntary tax declaration?

KARLHEINZ SCHREIBER (BUSINESSMAN):

I learned this from my lawyer. Imagine you are my lawyer and I tell you we need an affidavit from **Schreiber** that he never received, that he never gave any money to me. Two days later I tell you, you know what, call Revenue Canada, the two of us have to go there, I have to make a voluntary disclosure. I mean, how in the name of God can you do this? I would be so embarrassed. I would hope the soil opens and I disappear to the middle of the earth.

LINDEN MACINTYRE (HOST):

**Schreiber** is a hard man to shock, but Mulroney's manoeuvring floored him. First, they wanted him to say there was no money, then there was money but for vaguely described legal services, 1/2 to keep a watching brief, 1/2 to develop new economic opportunities, 1/2 travelling abroad for new markets for Canadian-made peacekeeping. All designed to explain \$300,000 cash from five years earlier. (Interview): This is a funny piece of paper that asks you to create after the fact a reason for having given money to Mr. Mulroney.

KARLHEINZ SCHREIBER (BUSINESSMAN):

Yeah.

LINDEN MACINTYRE (HOST):

That's what that does?

KARLHEINZ SCHREIBER (BUSINESSMAN):

Yeah.

LINDEN MACINTYRE (HOST):

And what did you do with it?

KARLHEINZ SCHREIBER (BUSINESSMAN):

I forgot about it. I didn't even look at it. I took it home and left it in my file and that's it.

LINDEN MACINTYRE (HOST):

It has become his albatross. Even in moments of glory, recognition as Canada's most environmentally-friendly PM, the questions surface.

JOURNALIST:

Un mot sur le 300 000 dollars de monsieur **Schreiber**, monsieur Mulroney?

BRIAN MULRONEY (FORMER PRIME MINISTER):

Bonjour, madame. Merci. Ha, ha, ha!

JOURNALIST:

In English, Mr. Mulroney, what was the money from Mr. **Schreiber** for? Can you answer that?

BRIAN MULRONEY (FORMER PRIME MINISTER):

Stay tuned.

UNIDENTIFIED MAN:

Okay. Thank you very much. This way. Follow me.

LINDEN MACINTYRE (HOST):

And what about Karlheinz **Schreiber** who gave the \$300,000 in the first place? No questions asked. He's never been charged in Canada, but he now sits in a Toronto jail awaiting extradition to Germany, pleading with politicians, Stephen Harper, even Brian Mulroney, for a public inquiry. A place to safely unpack all his secrets from his days of doing business in the corridors of power, what he did with all that money, \$20 million on the Airbus sale alone, whom he gave it to and why.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

But this is exactly what they don't want. They want me out of the country or in jail but in any event seal my mouth.

LINDEN MACINTYRE (HOST):

You're at the end of the rope.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Yeah. I have enough from this bullshit. And I told him this, it's over. With me, it's over. That's it.

LINDEN MACINTYRE (HOST):

The story could finally end here, a German prison not far from Munich, where a youthful Adolf Hitler once did time. At 73, Karlheinz **Schreiber** could spend his final years in a jail like this one without ever going to trial, locked up with his secrets. Karlheinz **Schreiber** has proven repeatedly during a long and complex life that among his considerable skills, the most enduring is survival. But in past difficulties, he has often had the support of influential friends and the wealth that drew so many of them to him. Now the wealth is mostly gone and the friends have fallen silent, hoping against hope that Karlheinz **Schreiber** will, before too long, fall silent too. And he might, but not just yet. (Interview): What is going through your head as you face the real prospect of having to leave after all those years here.

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Yeah, it's not my intention to leave the country, under no circumstances.

LINDEN MACINTYRE (HOST):

So the suggestion is if you go to Germany...

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

I'm finished. I'm eight years in custody.

LINDEN MACINTYRE (HOST):

Eight years in custody?

KARLHEINZ **SCHREIBER** (BUSINESSMAN):

Seven or eight years. This would be lifetime sentence. It would finish me off, therefore that's not going to happen.

LINDEN MACINTYRE (HOST):

As we reported, Karlheinz **Schreiber** is now being held in a Canadian jail awaiting likely extradition. And there's an ironic footnote. Switzerland, his refuge in times past, might come to his rescue again. The Swiss government is angry at the German authorities for the way they have been using Swiss banking records to prosecute him and others they've accused of corruption. And they want it stopped. So far, the Germans aren't listening. You can visit our website at [cbc.ca/fifth](http://cbc.ca/fifth) for additional video and documents related to this story. Of course, we will keep you posted on any future developments.

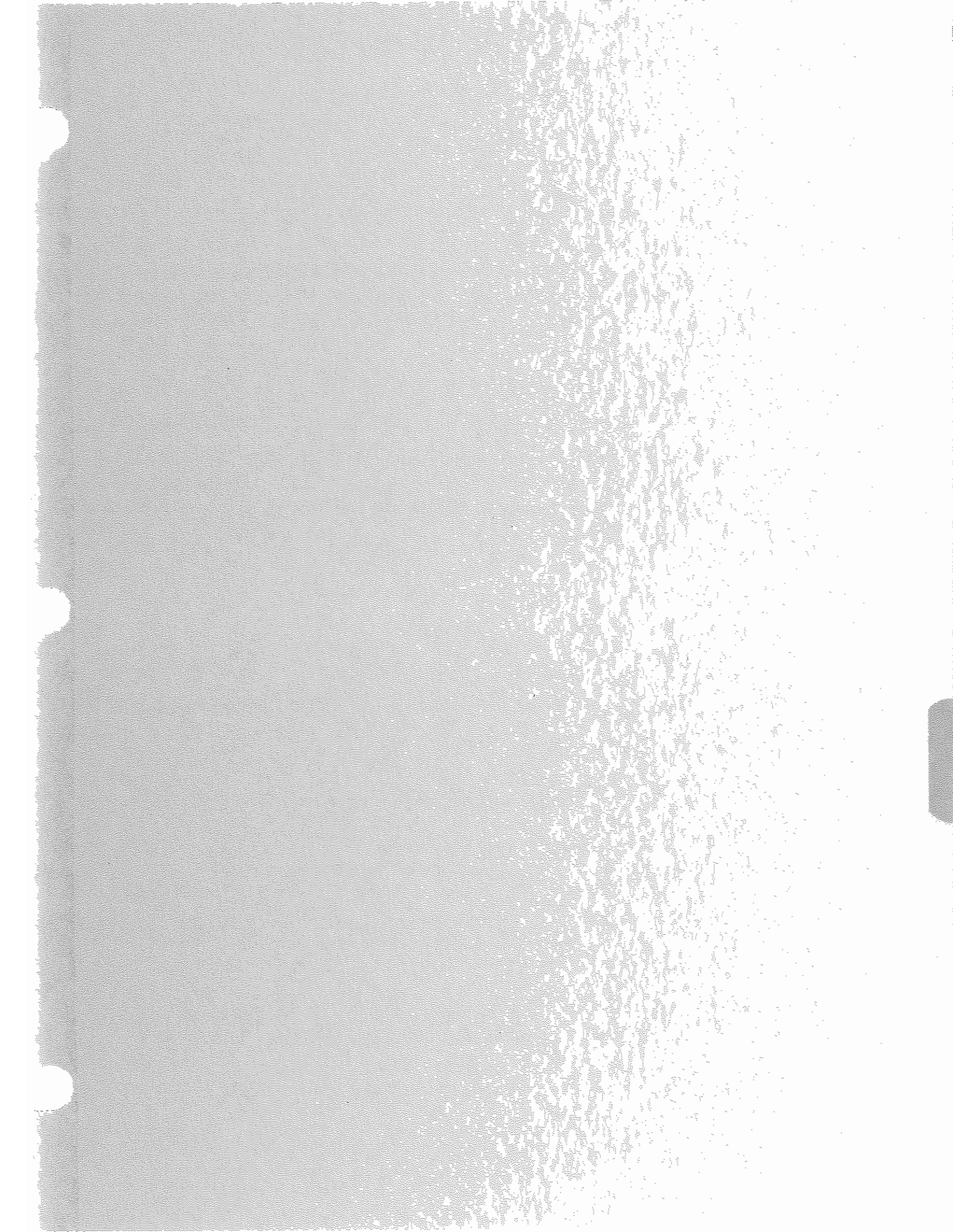
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**SOURCE: CBC RADIO ONE**  
**DATE: NOVEMBER 2, 2007**  
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**PROGRAM: AS IT HAPPENS**  
**TIME: 18:32**  
**LENGTH: 14 MINUTES**

**INTERVIEW: KARLHEINZ SCHREIBER**

C. DAVID JOHNSON: When As It Happens spoke with Karlheinz Schreiber in March, he made some startling allegations. The former deal-maker described how in the mid-nineties he gave envelopes full of cash, totalling three-hundred-thousand dollars, to former Prime Minister Brian Mulroney. Mr. Schreiber says the cash was handed over in hotel rooms in Montreal and New York. An RCMP investigation into the payments was dropped. Mulroney later sued the federal government. He received an apology and a 2.1 million-dollar settlement. Since our interview with Mr. Schreiber, a lot has changed. In particular, he's no longer a free man. Instead, he sits in the West Toronto Detention Centre, from where he's fighting extradition to Germany to face charges of bribery, fraud and tax evasion. And from his cell, Mr. Schreiber is refusing to keep quiet. Earlier this week he spoke to CBC Television's The Fifth Estate. Today he called As It Happens from the detention centre. And a warning, some listeners may find the language offensive.

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CAROL OFF (Host): Mr. Schreiber, there are new revelations this week about your meeting in Zurich in 1998 and about the, discussing the paper trail of the 300,000 dollars. What was the point of that meeting you had with Brian Mulroney in Zurich.

KARLHEINZ SCHREIBER: He asked for the meeting. And his main reason was to find out whether there is any evidence that he received any money.

OFF: He wanted to make sure there was no paper trail.

SCHREIBER: Yes. I think that's what he meant, the 300,000 he received from me.

OFF: Why has it taken you so long to reveal this information?

SCHREIBER: Carol, I have to remind you, you asked me the same question you asked the last time. And I think I have been proven right in the meantime. It doesn't make too much sense to speak about this unless you are in a courtroom where people have to testify under oath or, as I asked this government now, for more than, or close to two years, in an inquiry. There is much more, which may come out when we have an inquiry.

OFF: Is that your fantasy when you're sitting in that jail cell?

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SCHREIBER: Yes. This is what I'm thinking about. And this goes on now since 1996-1997. We saw the delay tactics and you see the result that even (inaudible...) are not to shy to try to kidnap me.

OFF: What do you mean kidnap you?

SCHREIBER: Well, the RCMP and the Justice Department went to the detention centre, six o'clock in the morning, and told them that the RCMP is going to pick me up.

OFF: When was that?

SCHREIBER: (Inaudible...), you know, the day when the Supreme Court came down with the judgement on the legal application.

OFF: This is in October.

SCHREIBER: In October. And they told the administration here that they have to pick me up to bring me to court. It was very strange. So I asked what this might be and they said there were new charges. And then I could manage to call my lawyer and they got an injunction to stop the actions. So when they came back they were told that Schreiber is not leaving the detention centre. In other words, the officials from the detention centre saved probably my life.

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OFF: You believe that they had come to take you to Germany at this point.

SCHREIBER: What do I know? I can assume that they wanted to do this. But how do I know? And you know, in the meantime, when you have a spy on you from abroad over two years with ties to (inaudible) criminal activities and you hear all this, that in custody RCMP extradites people for torture, and then you see all the shit around me, you get, you get really concerned. Imagine, I would have been at home with (inaudible...).

OFF: So you think if you were not in the, in the detention centre right now that the RCMP would have taken, you would have been sent to Germany by now had you not been in jail.

SCHREIBER: Yeah, in jail or to Germany or God knows who and where. But imagine, I would have gone down and get the paper and would not have heard, returned to my wife. She would not even know where I am.

OFF: Before we talk about the extradition, I want to just ask you about, a bit more about Brian Mulroney's story. Have you had a chance to read his book?

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SCHREIBER: Yeah, I read part of it, what he mentioned at the interview with CTV, that you have to fight when the government uses its political power and misusing the RCMP and the Justice Department to go after a citizen. And I agree with him. But this is exactly what the Harper regime, Harper and Mulroney are doing with me.

OFF: Were you surprised that you were not mentioned in Brian Mulroney's memoir?

SCHREIBER: Oh yeah. I cried at least for one hour. But I'm in good company because Gary Ouellet, one of the important people in the game, was not mentioned. So the two of us are now with Brian Mulroney probably persona non grata, and this is very sad for me. I cannot sleep at all anymore about it.

OFF: Why was it so, so troubling to you that, because he said, he's said in the past under oath that he had no dealings with you other than the occasional cup of coffee.

SCHREIBER: You know, I hope you got it right. I'm joking.

OFF: Okay.

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SCHREIBER: I'm joking when I say I cannot sleep at anymore that I'm not mentioned in his book. I care a shit, you know, to make it very clear to you. I don't care.

OFF: It would be easier if I saw you so I could tell, the twinkle in your eye, that you were joking.

SCHREIBER: I apologize that it didn't come over the right way immediately. But I don't care. I don't want to be in his book. Why would I be in his book? Although there is so much nonsense broadcasted about me all over the world. And in the meantime (inaudible), the truth, more and more, piece by piece comes out. I think I'm the only one who has not, has no fear going to an inquiry or going to a courtroom. This is the difference between me and the other guys. And I, I'm sick and tired of the whole story quite frankly.

OFF: You're not, you're not afraid because you've got more information and you know that they know that?

SCHREIBER: Yeah. This is why I, why I told you. Of course 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.

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OFF: But if you're not going to get your inquiry and your extradition is getting more and more likely...

SCHREIBER: Yes.

OFF: ...how, how do you propose putting this information into the public domain, information you still say hasn't been revealed?

SCHREIBER: I find a way to do that. I've made arrangements, that to happen to the right people.

OFF: In your most recent revelations on The Fifth Estate, it signals that if you're going down, you want Brian Mulroney to go down with you. Is that a fair assessment?

SCHREIBER: No. This is not, this is not real. It's more the Conservative government, because what's going on here is not a matter of Brian Mulroney. It's matter of, of the Prime Minister protecting Mulroney and concealing all the stuff around me. Everybody knows that the Minister could have never done what he did with me here lately without the okay from the Prime Minister. Everybody knows this. I was long enough in Ottawa to know this. Though it's a question of the Conservative government and it's a question that Conservatives, who asked for 12 years to get an inquiry, now are shit scared to get one. So

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(inaudible....). When you take an average person in the street, at least they will be able to ask one question. Why?

OFF: But Mr. Schreiber, why should people believe what you tell us?

SCHREIBER: Please?

OFF: Why should people believe you? Why should we believe what you tell us?

SCHREIBER: Well, so far, so far whatever -- and this is a great compliment from The Fifth Estate and how (inaudible....) towards the truth from the beginning. Well, they can prove it after 13 years with me. So where, was I proven wrong so far?

OFF: Everything you've said is backed up?

SCHREIBER: Sure.

OFF: The case against you in Germany depends on evidence that the Swiss say cannot be submitted.

SCHREIBER: Yes. It is so. The Swiss government, the Swiss minister of justice sent a letter to my lawyer and, that informed the Germans that the Germans are not allowed to use my, the documents, the Swiss documents, bank

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documents or anything against me anymore, or against anybody else, because they were illegally obtained, because the German prosecutors misled the Swiss.

OFF: But this, the evidence that the Swiss say cannot be submitted, has that had any effect on this extradition order or Canada's intention to honour that extradition order?

SCHREIBER: Well this is, this is now in front of the court, of the Appeal Court. And you understand that I cannot comment on that. But this is the first time that the court's become aware of this situation.

OFF: Now, but the Supreme Court has declined to hear your case.

SCHREIBER: But this was something different. There was a case where the Germans prejudged me, that they said when Schreiber comes he will get the highest punishment ever because he is responsible for the German political scandal, the donation scandal. The joke is that I had nothing to do with this. I am accused. At the beginning it was tax evasion. Then they added other stuff. Now we have a letter from a German top prosecutor in Düsseldorf saying that it was all nonsense, that there is not one crime or one offence at all. It's all part of this. It is a

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make-up. It's a political make-up. And I'm not accused or charged for political – what can I say – actions.

OFF: But, but Mr. Schreiber, if the evidence the Germans have for your case can't be submitted because it was obtained under, under false circumstances...

SCHREIBER: There is tainted evidence.

OFF: ...is tainted evidence, why not go back to Germany and face the music?

SCHREIBER: I cannot. I told you this before. If I go there -- I recommended that you go to the Google and you put on 'human rights violations in Germany' and then you see why. They will put me, I will not get a day in court. They will put me for between seven and ten years in, in custody for pre-trial. I will not get a day in court.

OFF: I want to ask you about the possibilities of a public inquiry, because there's more pressure mounting for that possibility here in Canada.

SCHREIBER: It would be wonderful.

OFF: Concerning the two million dollars that Brian Mulroney received as settlement.

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SCHREIBER: Yeah.

OFF: How likely do you think it is that Brian Mulroney will eventually have to explain himself to the Canadian people?

SCHREIBER: I think if an inquiry takes place or I am able to subpoena certain guys to get them to take the stand in my lawsuit in Alberta, the whole thing will explode.

OFF: Do you think that will happen?

SCHREIBER: Yes. This is why, why do you think they're after me like this? It is not because of me. I mean there are quite a few people which will face horrible consequences if the truth finally comes out.

OFF: One of the things that, of the documents that The Fifth Estate has is the, of course the bank accounts that you had in, in Zurich, the one called Britain, from which the money you paid Brian Mulroney came from.

SCHREIBER: Yes.

OFF: That account had 500,000 dollars in it.

SCHREIBER: Yes.

OFF: What happened to the other 200,000 that was in the account?

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SCHREIBER: The other 200,000 I kept because he did not provide any service. You see, the last payment was made in 1994, and that was after the election was lost to the Liberals. And he could do nothing. So I met with him in New York and then I finally said, so now you have to come up the money. It's what he wants to do. Right? And so we kept, we kept the 200,000 (inaudible...).

OFF: Did he want the other 200,000?

SCHREIBER: No, not really. Not really. He wanted to come up with a proposal of what to do now of course, and then he would have expected to get another 200,000. Right?

OFF: But you've said that he didn't do anything for the 300,000 that you already gave him.

SCHREIBER: No. No. That's the problem.

OFF: Is Brian Mulroney the only person in or formerly in public office to whom you've given this kind of a payment?

SCHREIBER: Yes. And this was requested by, by Fred Doucet.

OFF: Tell me just a bit about your prison, being in jail right now. You've been in and out of jail.

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SCHREIBER: I am here, yeah, I'm here the ninth time now.

OFF: Yeah.

SCHREIBER: Normally if you have to surrender yourself when a decision is coming up, and it takes three days, four days until you get your bail, or let's say a week. But this time, through this special, what I call the kidnapping action, I am more or less forced to stay here for six weeks at least.

OFF: How are you being treated by your fellow inmates in the Toronto Detention Centre?

SCHREIBER: Well, we've made, it's a mixture of people from all over the world. And of course they found out who I am. And the officers here know me now since 1999. So everybody more or less understands what's going on and they saw the television. They saw the program. They have the papers here. And the amazing thing is that everybody says we hope you get Mulroney. I don't know. Nobody seems to like the guy.

OFF: Mr. Schreiber, thank you very much for speaking with us.

SCHREIBER: Nice talking to you. Take care.

OFF: Thank you.

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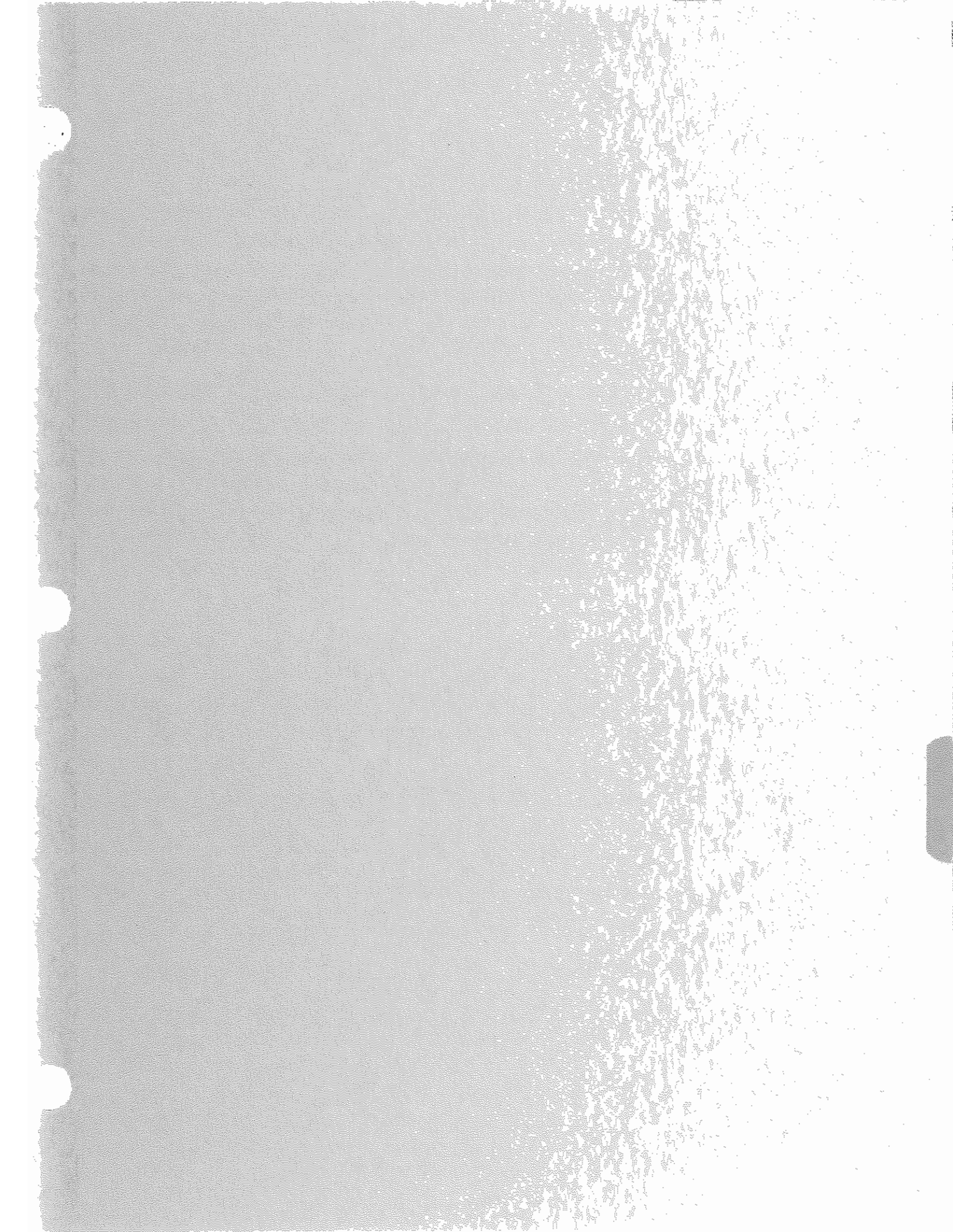
SCHREIBER: Bye, bye.

JOHNSON: Karlheinz Schreiber is in jail at a detention centre in Toronto. Today, As It Happens requested an interview with Brian Mulroney and his lawyer. But neither was available. However, a statement released by Brian Mulroney's spokesperson, Luc Lavoie, reads in part, "Mr. Mulroney and Mr. Schreiber are engaged at the present time in litigation before the Supreme Court of Ontario dealing with issues directly involving their relationship. Mr. Mulroney will not comment publicly on Mr. Schreiber's statements while this litigation is pending, as it would be inappropriate for him to do so." That's part of a statement from Brian Mulroney's spokesperson, Luc Lavoie.

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ONTARIO  
SUPERIOR COURT OF JUSTICE

BETWEEN:

KARLHEINZ SCHREIBER

Plaintiff

- and -

BRIAN MULRONEY

Defendant

AFFIDAVIT OF KARLHEINZ SCHREIBER

I, **KARLHEINZ SCHREIBER**, of the City of Toronto and of Ottawa in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the plaintiff in the above noted matter and have personal knowledge of the matters set out in this Affidavit, except to the extent such matters are based upon information and belief, in which case I have stated the source of my information and believe such matters to be true.
2. The first contact I had with Mr. Mulroney was in the early 1980's after I became a landed immigrant in Canada, which was on September 2, 1978. It was Mr. Frank Moores who introduced me to Mr. Mulroney.
3. I had several meetings with Mr. Mulroney at the Ritz Carleton hotel in Montreal all taking place before Mr. Mulroney became the leader of the Progressive Conservative party in 1983.

4. Needless to say during my many meetings with Mr. Mulroney in the early 1980's, neither the cash payments made by me to Mr. Mulroney nor the agreement (the "Agreement") made between Mr. Mulroney and I, as referred to in the statement of claim, were discussed, or even contemplated at that time.
5. The Agreement giving rise to this action was not entered into until some 10 years after my first dealings with Mr. Mulroney.
6. My first official meeting with Mr. Mulroney was in late 1983 (when Mr. Mulroney had become the Leader of the Conservative Party and was the Leader of the Opposition) when I introduced Mr. Max Strauss to Mr. Mulroney.
7. Having received very encouraging assistance from the Government of Canada in Ottawa and the Government of the Province of Nova Scotia in Halifax to bring a significant manufacturing plant to Cape Breton and in order to establish a corporate presence in Canada for Thyssen Industrie Aktiengesellschaft, one of the largest industrial concerns in Europe, Bear Head Industries Limited ("Bear Head Industries") was incorporated on November 6, 1985 with an office in Ottawa. Attached hereto as Exhibit "1" is a copy of my Bear Head Industries business card and a Province of Ontario, Ministry of Consumer and Business Services, corporate profile report for Bear Head Industries.
8. Finally, after considerable efforts, we managed to secure an agreement with the Province of Nova Scotia and an "Understanding in Principle" with the Government of Canada, which was signed September, 27, 1988 and which confirmed that the Government of Canada was interested in expanding the industrial development of Cape Breton and that Bear Head Industries was prepared to establish a heavy industry manufacturing facility for the production of light armoured defence products, to create at least 500 full time jobs and to commit an initial capital investment of \$58 Million and the transfer of significant

manufacturing know how by its parent company Thyssen Industrie Aktiengesellschaft (the "Bear Head Project").

9. The Understanding in Principle was signed by three Ministers of the Government of Canada and by me as Chairman of Bear Head Industries on September 27, 1988, a copy of which is attached hereto as Exhibit "2".
10. A year later I received a letter dated September 18, 1989 from Mr. Mulroney who by then had been Prime Minister of Canada for over 5 years, in which Mr. Mulroney confirmed not only that we had met on previous occasions, that we had been writing letters to one another, but also that he had sent a telegram to me back in 1982 when I received my Canadian citizenship, which telegram I received on or about February 3, 1982, a copy of which letter is attached hereto as Exhibit "3".
11. On one occasion Mr. Mulroney, The Honourable Elmer Mackay, at that time Minister of Public Works and Minister for the Atlantic Canada Opportunities Agency Act, and I met for a breakfast meeting at 24 Sussex Drive, Ottawa, Ontario.
12. On April 10, 1991, at a meeting arranged by Mr. Fred Doucet at the request of Mr. Mulroney, I had the pleasure of meeting Mr. Mulroney, Mr. Doucet and Mr. Paul Tellier, who at the time was the Clerk of the Privy Council, and who was also involved with the Bear Head Project.
13. Then on June 13, 1991 I met Mr. Mulroney in Bonn, Germany at a luncheon hosted by the Government of Germany in honor of Canada's role and in particular Mr. Mulroney's efforts in bringing about the reunification of Germany on October 3, 1990 and also at a reception that same evening hosted by the Government of Canada.

14. Almost a year later on May 22, 1992 I wrote another letter to Mr. Mulroney, a copy of which letter is attached hereto as Exhibit "4", which confirmed our ongoing efforts and certain meetings towards making the Bear Head Project a success and that at that time it was still my understanding that the Government of Canada was supportive of locating production facilities for light armoured vehicles in Nova Scotia and possibly even certain parts in Quebec.
15. On June 23, 1993 Mr. Doucet, at the request of Mr. Mulroney, arranged a meeting between me and Mr. Mulroney which took place on June 23, 1993, at Harrington Lake, the official summer residence of the Prime Minister (the "Harrington Lake Meeting"). It was at this meeting that Mr. Mulroney and I entered into the Agreement. On June 23, 1993 Mr. Mulroney was still in office as Prime Minister of Canada and consequently resided at 24 Sussex Drive, Ottawa, Ontario.
16. One of the terms of the Agreement which Mr. Mulroney and I agreed to on June 23, 1993 was that Mr. Mulroney would perform certain services on my behalf. Mr. Mulroney undertook to support my efforts in obtaining approval of the establishment of a production facility for light armoured vehicles by Bear Head Industries Limited, and we discussed that if matters got difficult in the Province of Nova Scotia, then Mr. Mulroney would assist in moving parts of the project to the Province of Quebec (the "Bear Head Quebec Project").
17. At the Harrington Lake Meeting Mr. Mulroney told me that in his opinion The Honorable Kim Campbell, would win a majority government in the next election, which would enable him (Mr. Mulroney) to accomplish much on my behalf.

18. During our meeting Mr. Mulroney, as a token of his appreciation of our friendship that had developed over the years, proudly promised that he would send to me a copy of his official picture which would be placed in the House of Commons. Shortly after the Harrington Lake Meeting I received, as promised by Mr. Mulroney, the picture with Mr. Mulroney's hand written note: "For my friend, Karlheinz with gratitude and best personal regards" and which he signed "Brian Mulroney". A copy of said picture is attached hereto as Exhibit "5".
19. I then proceeded to make arrangements for certain cash funds to be paid to Mr. Mulroney as an advance for his services as had been agreed by us during the Harrington Lake Meeting.
20. I gave the first cash payment in the amount of \$100,000 to Mr. Mulroney on or about August 27, 1993 when I met Mr. Mulroney at the Mirabel Airport on my way from Ottawa to Germany.
21. I delivered a second cash payment, also in the amount of \$100,000, to Mr. Mulroney on or about December 18, 1993 when I met Mr. Mulroney at the Queen Elizabeth Hotel in Montreal.
22. Mr. Mulroney honored me again on the occasion of my sixtieth birthday when he sent to me a letter dated March 25<sup>th</sup>, 1994 in which he expressed his very good wishes and best personal regards, a copy of which letter is attached hereto as Exhibit "6".
23. And finally some 18 months after the Harrington Lake Meeting I met with Mr. Mulroney on December 8, 1994 in New York at the Pierre Hotel and delivered to Mr. Mulroney a third cash payment also in the amount of \$100,000.
24. I made this third payment, even though, at the time that I made this third payment, it was clear that it was practically impossible for Mr. Mulroney to become involved in the Bear



Head Quebec Project (after Mr. Mulroney announced his retirement, The Honourable Kim Campbell, then Leader of the Conservative Party, became the Prime Minister of Canada and called an election in October 1993 but lost and The Right Honourable Jean Chrétien became Prime Minister on October 25, 1993) because Mr. Mulroney and I agreed that Mr. Mulroney would continue to be available to assist me in my other business endeavours.

25. In his testimony before the District Court of Montreal on April 17, 1996 Mr. Mulroney confirmed that he had not just had numerous meetings with me going back as early as the 1980's, including meetings in his office in Ottawa, but also that we had ongoing business dealings. Attached hereto as Exhibit "7" is a copy of parts of the transcript of the testimony of Mr. Mulroney (see Questions 192, 228, 241, 425 and 432).
26. In spite of all the difficulties that Mr. Mulroney and I encountered in 1995 and 1996 I did not lose confidence in Mr. Mulroney and was relieved when I received a letter from the Government of Canada dated January 9, 1997 signed by The Honourable Allan Rock, then Minister of Justice & Attorney General of Canada and Mr. Philip Murray, Commissioner, RCMP which contained a "full apology" and acknowledged that "some of the language contained in the Request of Assistance indicates, wrongly, that the RCMP had reached conclusions that you had engaged in criminal activity", a copy of which letter is attached hereto as Exhibit "8".
27. Then at the request of Mr. Mulroney I agreed to meet him on or about February 2, 1998 at the Hotel Savoy in Zürich, Switzerland (the "Savoy Meeting"). During the Savoy Meeting Mr. Mulroney and I discussed Mr. Mulroney's personal concerns regarding evidence of any payments made to him. I informed Mr. Mulroney about statements made by Mr. Frank Moores and Mr. Gary Ouelett regarding The Government Business Consulting Group Incorporated ("GCI") business affairs and the earlier request made by Mr. Fred Doucet to transfer funds from GCI to Mr. Mulroney's lawyer in Geneva related to the Airbus deal. The Ontario corporate profile report for GCI is attached as Exhibit "9".

28. During the Savoy Meeting Mr. Mulroney and I also discussed how we could move forward with various business matters in the future which included Mr. Mulroney's support of the business activities of Spaghetissimo North America Inc. ("Spaghetissimo") and the potential for Archer Daniels Midland Company to get involved in this new business venture. The Ontario corporate profile report for Spaghetissimo North America Inc. is attached as Exhibit "10".
29. Several months before the Savoy Meeting my lawyer Mr. Robert Hladun, Q.C. to the best of his recollection had received a telephonic message (the "Tremblay Message") to call Mr. Gerald Tremblay, a lawyer acting for Mr. Mulroney, on October 17, 1997 regarding a letter Mr. Tremblay wanted to send to the CBC in connection with the Airbus Affair.
30. Two years after the Tremblay Message (almost 20 months after the Savoy Meeting), Mr. Hladun to the best of his recollection received two calls from Mr. Mulroney on October 17, 1999 during which Mr. Mulroney repeated to Mr. Hladun a similar request as made on prior occasions all to the effect that I provide in an affidavit assurances that "at no time did Brian Mulroney solicit or receive compensation of any kind from Schreiber".
31. On January 10, 2000 Mr. Edward Greenspan, Q.C., my lawyer representing me in my extradition case, requested that Mr. Hladun confirm his recollection of the above mentioned calls in connection with this request from Mr. Mulroney. A copy of Mr. Hladun's responding letter to Mr. Greenspan's inquiry dated January 26, 2000 is attached hereto as Exhibit "11".
32. Following our a meeting during Christmas 1999 with the family of Mr. Doucet during which I told Mr. Doucet that I would not commit perjury I met again with Mr. Doucet at his request in early 2000 in Ottawa. At that meeting, Mr. Doucet presented to me a draft

document that Mr. Mulroney requested I sign in order to confirm the terms of our Agreement. A draft of said document is attached hereto as Exhibit "12".

33. On May 23, 2000 I met Mr. Mulroney at a black tie dinner function at the Royal York Hotel, Toronto (the "Royal York Meeting") hosted by the Canadian Council for International Business and asked Mr. Mulroney for a private meeting to discuss our business relations and Mr. Mulroney agreed that we should meet and promised to arrange a meeting after his return from Florida.
34. Not only did Mr. Mulroney and I have many meetings with one another, exchanged correspondence and telephone calls with one another, and attended fund raising dinners together, starting as early as 1985 and continuing until the Royal York Meeting, but as already mentioned we also had considerable dealings with one another through intermediaries before and after the Royal York Meeting.
35. Reto's Restaurant Systems International Inc. ("Reto's") was incorporated on June 26, 2001 with its head office in Toronto and another office in Ottawa. Reto's continued the business activities of Spaghetissimo and in late 2002 we were working on the opening of the first pasta franchise store under the trade mark "Reto and The Machine Bistro-Bar" in Toronto. Attached hereto as Exhibit "13" is a copy of my Reto's business card and an Ontario corporate profile report for Reto's.
36. At this time I approached Mr. Mulroney to assist in obtaining private or government commitments towards the expansion of the Reto pasta manufacturing process and Reto pasta franchises (the "Reto Pasta Business") in Ontario and across Canada.
37. In a letter dated July 19, 2004 addressed to Mr. William Kaplan, author of two books about Mr. Mulroney, Mr. Pat MacAdam confirmed that after reviewing his correspondence and emails he found that I had "hired Mulroney to sell Bearhead armoured vehicles to

China" and that "Schreiber also engaged Mulroney to explore the sale of pasta machines." A copy of this letter is attached hereto as Exhibit "14".

38. At the special request of Mr. Mulroney I wrote a letter to him on July 20, 2006 suggesting to Mr. Mulroney that the public rhetoric regarding the sale of Airbus planes by Airbus Industries G.I.E. (the "Airbus Affair") and the conspiracy against me personally amounted to the largest political scandal in the history of Canada, and that Mr. Mulroney and I must expose the people behind the scandal around the Airbus Affair, a copy of which letter is attached hereto as Exhibit "15".

39. I wrote the July 20, 2006 letter at the request of Mr. Mulroney because he told me that he was going to meet with The Right Honourable Stephen Harper, the current Prime Minister of Canada, by the end of July, 2006 at Harrington Lake, and that he (Mr. Mulroney) was going to show to Mr. Harper a copy of Exhibit 15 to show that he and I were on good terms.

40. There was no apparent follow up by Mr. Mulroney to my July 20, 2006 letter and therefore I wrote a letter on January 29, 2007 advising Mr. Mulroney that I was still counting on his support to engage the Government of Canada to commence a public inquiry into the Airbus Affair and how the Airbus Affair triggered my extradition case, a copy of which letter is attached hereto as Exhibit "16".

41. Finally, on February 20, 2007, having realized that Mr. Mulroney no longer intended to fulfill his part of the Agreement (Mr. Mulroney had denied to meet with Mr. MacKay and Mr. Michael Cochrane to discuss the Reto-Pasta Business and in particular the pasta obesity fighting program for children, which is described in the George Brown College Reto Pasta Demonstration Project (the "Reto Pasta Demonstration Project"), a copy of which is attached hereto as Exhibit "17"), I sent a letter to Mr. Mulroney dated February 20, 2007

demanding the repayment of the cash payments totaling \$300,000 plus interest, a copy of which letter is attached hereto as Exhibit "18".

42. Since Mr. Mulroney did not respond I instructed my lawyer Mr. Richard Anka, Q.C. to send a demand letter for the recovery of the moneys owing to me in the amount of \$300,000 plus interest. A copy of Mr. Anka's letter dated March 14, 2007 is attached hereto as Exhibit "19".

43. The reply to this letter was written on March 20, 2007 by Mr. Kenneth Prehogan of Weir Foulds LLP, who confirmed that he represented Mr. Mulroney and that he had received a copy of Mr. Anka's letter and that Mr. Mulroney denied "that he owes any money to me" and that his firm had "instructions to accept service" of Mr. Anka's initiating process on Mr. Mulroney's behalf, a copy of which letter is attached hereto as Exhibit "20".

44. Since Mr. Mulroney never provided the services as promised, nor did he return the \$300,000.00 and even though our Agreement contemplated that Mr. Mulroney provide certain services relating to the Bear Head Quebec Project and when it became clear that the Bear Head Quebec Project could not succeed Mr. Mulroney did not return the \$300,000.00 plus interest, but instead we agreed that Mr. Mulroney would perform other services in Ontario and elsewhere all relating to companies and persons doing business and residing in Ontario, I instructed Mr. Anka to commence an action in Ontario.

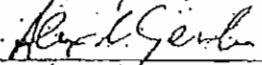
45. Not only was the Agreement formed by two Ontario residents but I believe that the Agreement was breached by Mr. Mulroney in Ontario. Furthermore, I have suffered damages in Ontario as a result of Mulroney's failure to repay me.

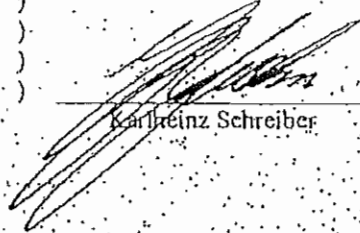
46. The statement of claim was issued on March 22, 2007 and Mr. Anka sent a letter to Mr. Prehogan on March 22, 2007 enclosing two copies of the statement of claim as issued and filed with the court requesting that Mr. Prehogan endorse acceptance of service on the back

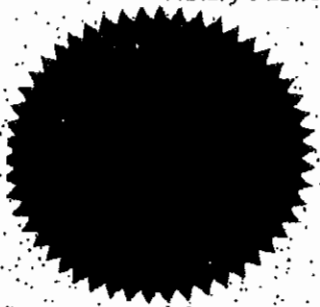
- page and return one original to Mr. Anka at his earliest convenience, a copy of which letter is attached hereto as Exhibit "21".
47. On March 26, 2007 Mr. Prehogan wrote a letter to Mr. Anka wherein he acknowledged receipt of the statement of claim, however Mr. Prehogan declined to accept service. Instead Mr. Prehogan confirmed that he will assist in arranging for personal service on Mr. Mulroney in Quebec, a copy of which letter is attached as Exhibit "22".
48. As a courtesy to Mr. Mulroney I sent a personal reminder letter on April 14, 2007 to Mr. Mulroney, a copy of which letter is attached hereto as Exhibit "23".
49. Nevertheless, not only had Mr. Prehogan resiled from his earlier agreement to accept service on behalf of Mr. Mulroney, but then once Mr. Mulroney was personally served on April 20, 2007 with the statement of claim, as amended, Mr. Prehogan filed a notice of motion to dismiss this action for lack of jurisdiction returnable on July 17, 2007 which he never set down for a hearing for reasons I have never clearly understood. It is my honest belief that Mr. Mulroney and his legal team have been engaged in delaying tactics in this action in the hope that I would be extradited to Germany and less able to pursue my action with any measure of dispatch or diligence.
50. I am informed by counsel, and believe, that the statute of limitations in the Province of Québec is three (3) years. Depending on when a court finds my cause of action against Mr. Mulroney to have arisen, this has the potential to deprive me of my cause of action, if I am compelled to bring this action in the Province of Quebec instead of Ontario.

51. I swear this affidavit in relation to a Motion brought by Mr. Mulroney for an order dismissing this action for lack of jurisdiction and for no other or improper purpose.

SWORN before me at the City )  
of Toronto, in the Province of )  
Ontario, this 7<sup>th</sup> day of November, 2007 )

  
\_\_\_\_\_  
Notary Public )

  
\_\_\_\_\_  
Karlheinz Schreiber





BETWEEN:

KARL HEINZ SCHREIBER

-and-

BRIAN MULLRONEY

---

ONTARIO  
SUPERIOR COURT OF JUSTICE

---

AFFIDAVIT OF  
KARL HEINZ SCHREIBER  
DATED NOVEMBER, 2007

---

BALDWIN ANKA SENNECKE HALMAN LLP

Barristers & Solicitors  
Suite 900  
Victoria Tower  
25 Adelaide Street East  
Toronto, Ontario  
M5C 3A1

Richard E. Anka, Q.C.  
LSUC No. 109959E  
(416) 601-1030  
Fax (416) 601-0655

Solicitors for the Plaintiff

# KARLHEINZ SCHREIBER

Chairman



## THYSSEN BHI

Suite 908, 350 Sparks Street, Ottawa, Ontario, Canada K1R 7S8  
Telephone: (613) 563-3321    Telefax: (613) 563-7648

---

This is Exhibit 1 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
Robert Genh  
A COMMISSIONER FOR TAXING OFFICERS

Request ID: 009706373  
 Transaction ID: 33807132  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: ~~2007/11/06~~  
 Time Report Produced: 10:17:42  
 Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
745454	BEAR HEAD INDUSTRIES LIMITED	1985/11/06
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	VOLUNTARY DISSOLUTION	NOVA SCOTIA
<b>Registered Office Address</b>	<b>Date Amalgamated</b>	<b>Amalgamation Ind.</b>
100 WELLINGTON STREET WEST	NOT APPLICABLE	NOT APPLICABLE
Suite # 2000	<b>New Amel. Number</b>	<b>Notice Date</b>
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		<b>Letter Date</b>
CANADA M5K 1E7		NOT APPLICABLE
<b>Mailing Address</b>	<b>Revival Date</b>	<b>Continuation Date</b>
NOT AVAILABLE	NOT APPLICABLE	1995/09/26
	<b>Transferred Out Date</b>	<b>Cancel/Inactive Date</b>
	NOT APPLICABLE	1995/09/26
	<b>EP Licence Eff.Date</b>	<b>EP Licence Term.Date</b>
	NOT APPLICABLE	NOT APPLICABLE
<b>Activity Classification</b>	<b>Number of Directors</b>	<b>Date Commenced In Ontario</b>
MANUFACTURING INDUSTRIES	Minimum 00001 Maximum 00010	NOT APPLICABLE
		<b>Date Ceased In Ontario</b>
		NOT APPLICABLE

Request ID: 009706373  
 Transaction ID: 33807132  
 Category ID: UNE

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 10:17:42  
 Page: 2

## CORPORATION PROFILE REPORT

Ontario Corp Number

745454

Corporation Name

~~BEAR HEAD INDUSTRIES LIMITED~~

Corporate Name History

BEAR HEAD INDUSTRIES LIMITED

Effective Date

1985/11/06

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:  
 Name (Individual / Corporation)

~~GREG~~

~~ALEFORD~~

Address

640 BROADWAY AVENUE

TORONTO  
 ONTARIO  
 CANADA M4G 2S7

Date Began

NOT APPLICABLE

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 009706373  
Transaction ID: 33807132  
Category ID: UN/E

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
Time Report Produced: 10:17:42  
Page: 3

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

745454

BEAR HEAD INDUSTRIES LIMITED

### Last Document Recorded

Act/Code	Description	Form	Date
BCA	ARTICLES OF DISSOLUTION	10	1996/09/26

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON THE COMPANIES AND PERSONAL PROPERTY SECURITY BRANCH MICROFICHE.

The issuance of this report in electronic form is authorized by the Director of Companies and Personal Property Security Branch.

UNDERSTANDING IN PRINCIPLE

This document signed this 27 day of September, 1988,  
between:

THE GOVERNMENT OF CANADA, as  
represented by:

i) the Minister responsible for  
the Atlantic Canada Opportunities  
Agency (hereinafter called "the  
ACOA Minister"),

ii) the Minister of Regional  
Industrial Expansion (hereinafter  
called "the DRIS Minister"), and

iii) the Minister of National  
Defence (hereinafter called "the  
National Defence Minister); and

BEAR HEAD INDUSTRIES LTD., a  
company incorporated under the  
laws of Nova Scotia, a subsidiary  
which is one hundred (100%)  
percent owned by Thyssen  
Industries A.G. of the Federal  
Republic of Germany (hereinafter  
called "the Company").

WHEREAS the Government of Canada desires  
to foster the economic expansion and industrial  
development of Cape Breton;

WHEREAS the Company must have in place a  
North American heavy-industry manufacturing facility on  
an urgent basis, and desires to establish such a  
facility in the Bear Head peninsula region of Cape  
Breton;

WHEREAS the Government of Canada  
recognizes that the proposed Bear Head facility  
represents an important economic development and  
diversification of the industrial base of Cape Breton;  
and

This is Exhibit 2 referred to in the  
affidavit of K. Schreier  
sworn before me, this 7  
day of Nov. 2007  
Alfred Gault  
A COMMISSIONER FOR THE AFFIDAVITS

- 2 -

WHEREAS the Company is preparing financial details on its proposal, to meet the information requirements of the Government's established regional development capital contribution, and other assistance programs.

1. In accordance with this Understanding in Principle, the Company shall establish a diversified heavy-industry manufacturing facility in the Bear Head region of Cape Breton, Nova Scotia, which will:

(a) create in Cape Breton a new and diversified activity in the Canadian civilian and defence industrial base, with access to the North American defence markets, under the Canada U.S. Defence Production Sharing Agreement;

(b) transfer to the facility, all technology necessary for the construction of light armoured vehicles, and other heavy-industry products;

(c) source its requirements co-operatively from, and implement arrangements for joint-venture activities with, the Levalin (UTDC) heavy-industry facility, in Trenton, Nova Scotia, in accordance with existing agreements between the Company and Levalin;

(d) to the greatest extent possible, source its requirements from, and promote the establishment of, small business enterprises located in Atlantic Canada;

s. 20 (i)(b)(c)

(f) employ a minimum of 500 people on a permanent, full-time basis and, where necessary, train these individuals in required skills and knowledge, utilizing, where appropriate, local educational facilities.

2. In accordance with this Understanding in Principle, the Government of Canada, in order to facilitate the establishment of the Company's heavy-industry manufacturing activity in Cape Breton, will:



- 3 -

(a) enter into negotiations with the Province of Nova Scotia, in accordance with existing letters to the Company from the Premier of Nova Scotia, to put in place financial arrangements for the co-funding of required physical infrastructure, up to a maximum value of \$27 million, and to use the Strait of Canso Industrial Development Subagreement as a source of funding;

(b) entertain an application by the Company to the Minister of National Revenue for assistance based on eligible project costs up to a maximum of \$58 million, under the provisions of the Cape Breton Investment Tax Credit, in accordance with the formal application for such assistance filed by the Company prior to June 30, 1988;

(c) entertain an application by the Company to the Minister of National Revenue for duty remission on the importation of machinery, parts, and components for the manufacturing of vehicles, under the Machinery and Equipment Tariff Program, consistent with this program at the time of such importation; and

(d) entertain an application by the Company to the Minister of Employment and Immigration for government participatory funding, for initial employee training.

3. In recognition of the need to proceed urgently, the Government of Canada and the Company agree to adopt a two-phased approach to the establishment of the Bear Head facility.

#### PHASE I

4. The Government of Canada and Company agree that in Phase I, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed forthwith with the construction of an initial plant, as described in the document submitted to ACOA in March 1988, requiring an initial capital investment of \$58 million, to manufacture defence products for the North American markets;

(ii) the Company will have submitted a formal application to Enterprise Cape Breton, in advance of June 30, 1988, seeking assistance under the Cape Breton Investment Tax Credit (CBITC); and

(iii) the Company will provide by October 21, 1988, financial and other details associated with Phase I, and, in the shortest time possible thereafter, the remaining information required in order to qualify for assistance under the Defence Industries Productivity Program (DIPP), and other government assistance programs, under which funding is sought.

(b) the Government of Canada:

(i) the ACOA Minister, and the DRIE Minister, will consider assistance to the Company, up to a maximum of fifty (50) percent of eligible project costs, under programs delivered by Enterprise Cape Breton, consistent with these programs at the time the Bear Head project becomes eligible for such assistance.

(ii) The Minister of National Defence, in recognition of the excellent international reputation for quality and performance earned by Thyssen Industries A.G. in the military vehicle sector, and in the context of the major acquisition program for the upgrading of the Canadian Forces envisaged in the Defence White Paper, will consider the participation of the Company in the Light Armoured Vehicle Procurement Program, envisaged to occur in the early-to-mid 1990's, provided the Company:

(a) develops, designs, and manufactures, in its Cape Breton facility, these vehicles from its entire technology range according to the operational requirements of the Government of Canada,

(b) meets the Government's requirements for quality, delivery, and logistic support, including personnel training,

(c) delivers and performs at internationally competitive prices, and

(d) provides acceptable regional and industrial benefits; and

- 5 -

(iii) the DRIE Minister will consider capital establishment assistance to the Company, under the Defence Industries Productivity Program (DIPP), consistent with this program at the time the Bear Head project becomes eligible for such assistance.

#### PHASE II

5. The Government of Canada and Company further agree that in Phase II, the respective parties will undertake the following:

(a) the Company:

(i) the Company will proceed not later than twelve (12) months after the commencement of production under Phase I, with diversification into heavy civilian manufacturing production targeted at Canadian and international markets;

(ii) the Company will provide within six (6) months after the commencement of production under Phase I, financial details including product and market projections associated with Phase II; and

(iii) should Phase II not be proceeded with, the Company will reimburse the Government of Canada for:

- (1) assistance as is provided by the ACOA and DRIE Ministers under paragraph 4 b(1) above, and
- (2) a portion, to be determined in subsequent negotiations, of the infrastructure assistance provided under paragraph 2 (a) above, in the event that the planned employment level of 400 people for Phase I is not sustained for 5 years.

(b) the Government of Canada:

the ACOA Minister, and the DRIE Minister, will consider assistance to the Company, under established regional and industrial development programming, consistent with such programs at the time the Bear Head project becomes eligible for such assistance.

6. This Understanding in Principle may be complemented by future Memoranda of Understanding.

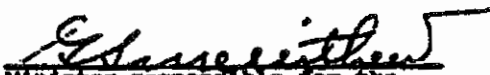
- 6 -

7. The understandings in principle set out in this Understanding in Principle do not create any enforceable, legal or equitable rights, nor obligations, but merely serve to document the:

- (a) parameters that have been set; and
- (b) areas on which discussions have been held, and understandings in principle reached.

Further clarifying negotiations and the requisite approval from all appropriate parties (including without limiting the foregoing, Treasury Board, and the Board of Directors of Bear Head Industries Ltd.) are needed before contractual documentation can be entered into.

THE GOVERNMENT OF CANADA

  
 Minister responsible for the  
 Atlantic Canada Opportunities Agency

  
 Minister of Regional Industrial  
 Expansion

  
 Minister of National Defence

BEAR HEAD INDUSTRIES LIMITED

  
 Mr. Kartheinz Schreiber, Chairman

08/22/89 15:53 13613 748 8887

0002



PRIME MINISTER · PREMIER MINISTRE

September 16, 1989

Dear Karlheinz,

Thank you for your letter of August 28.

I too was pleased to have the opportunity to meet with you. The recent General Meeting provided a tremendous opportunity for the PC Party to reflect on its past success and to look ahead to a future that promises to offer Canadians countless opportunities both at home and abroad.

It was with interest that I read the telegram I sent you back in 1982 when you received your Canadian citizenship. That date now seems so long ago; a lot has happened in the space of a few short years. You can be proud of your contribution to helping to ensure the continued growth and future prosperity of your new home, Canada.

Once again, thank you for writing. It was a pleasure to hear from you.

With kindest personal regards,

Yours sincerely,

*John Mulroney*

Mr. Karlheinz Schreiber,  
Mackay Lake Estates,  
7 Bittern Court,  
Bockcliffe Park,  
Ottawa, Ontario.  
K1L 8K9

This is Exhibit 3 referred to in the  
affidavit of K. Schreiber  
sworn before me this 7  
day of Nov 2007  
*Alvin Gent*  
A COMMISSIONER FOR TAKING AFFIDAVITS



## BEAR HEAD INDUSTRIES LIMITED

Suite 808, 360 Sparks Street  
Ottawa, Ont., Canada  
K1R 7S8

TELEPHONE (613) 863-3321

TELEFAX (613) 683-7648  
TELEX 053-3881 bhi ott

The Right Honorable  
Brian Mulroney  
Prime Minister of Canada  
Langevin Block  
80 Wellington Street  
Ottawa, Ont.  
K1A 0A2

This is Exhibit 4 referred to in the  
affidavit of K. Schreik  
sworn before me, this 7  
day of Nov. 2017  
Alfred Gent  
A COMMISSIONER FOR TAKING AFFIDAVITS

22 May 1992

Dear Prime Minister,

As promised I write to keep you informed of recent events which have occurred as I proceed to realize our project by the method which I agreed with you during our last meeting.

I am pleased to confirm the very positive support we have received for our proposal from Hon. Jean Corbeil as expressed through M. Richard Le Lay his Chief of Staff. Furthermore, I understand that it is intent of Min. Corbeil to solicit the support of Min. Benoit Bouchard.

That position fits in parallel with support expressed by the Province of Québec and I find it encouraging.

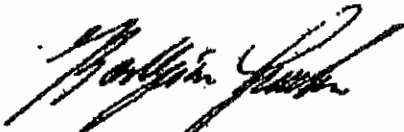
More recently, as a result of my May 13, 1992, letter to Min. Masse, a delegation from our Company was invited on May 20th to discuss the involvement being requested of DND by the Company.

-1-

The outcome of that meeting was completely unhelpful and I am dismayed by the lack of co-operation and understanding of the important economic benefits which this proposal offers to Canada. You will see by the attached report of the meeting that the DND position has been to simply "stone-wall" the Company's proposal. Though not a complete surprise, it was even more negative than I expected.

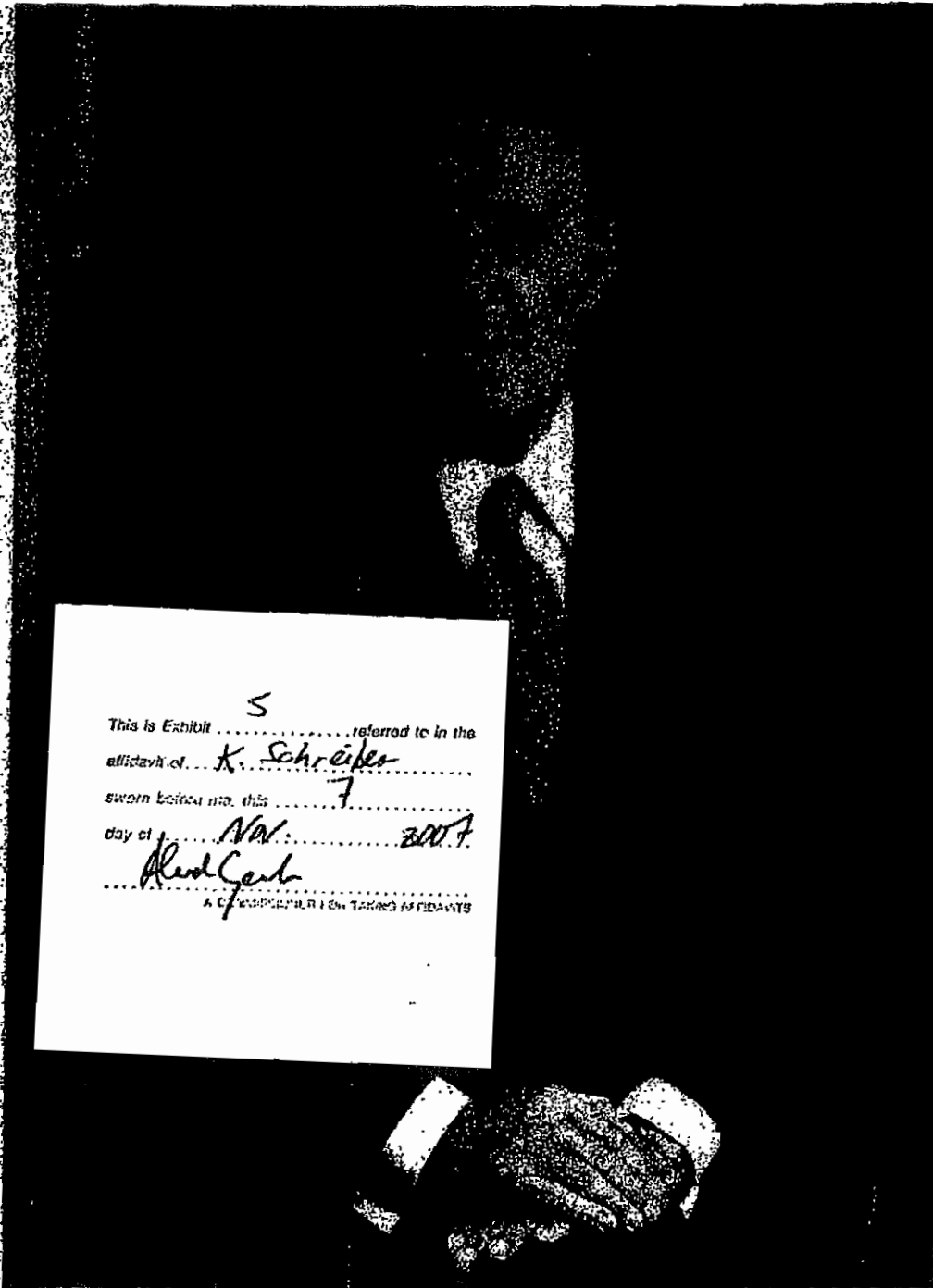
I have travelled to Germany for this week but will be back in Ottawa on May 31st. to resume my activity towards our project.

Most sincerely,



Karlheinz Schreiber  
Chairman

Encl.



This is Exhibit 5 referred to in the  
 affidavit of K. Schröder  
 sworn before me, this 7  
 day of Nov. 2007  
[Signature]  
 A C. WOODRUFF & SONS, TARRANT COUNTY, TEXAS

for my friend, Karl Heinz  
 with gratitude and best personal regards  
 Gudwin Huber



MAR-25-1994 10:45

REGISTRY OF DEEDS F. COLLINS

\$14 286 1239 P.02

Brian Mulrooney

Montreal, March 25, 1994.

**BY FAX**

Mr. Karlheinz Schreiber  
Raiffenstr. 27  
8912 Kaufering  
West Germany 89618

Dear Karlheinz:

Mila joins me in conveying to you our congratulations and warmest regards on your 60th birthday.

Your impressive contributions to both Germany and Canada stand today as a very significant personal achievement.

We look forward to seeing you and Barbél soon.

With very good wishes and best personal regards.

Yours sincerely,

Brian Mulrooney

This is Exhibit 6 referred to in the affidavit of K. Schreiber sworn before me, this day of NOV. 2007  
Karl Geb  
A COMMISSIONER FOR TAKING AFFIDAVITS

MBM/c

1581, AVENUE MCHELL COLLEGE AVENUE, SUITE 1100, MONTREAL, QUEBEC H3A 2C1 - (514) 847-4170

TOTAL P. 02

BRIAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

soit faite en... et... et de ce document-là.

191 Q- Je peux vous interrompre... may I interrupt you.  
When you say, "A translation of this document", you  
refer to the German document that's at the front of  
P-2?

This is Exhibit... referred to by the  
affidavit of... K. Schreiber  
sworn before me, this  
day of... Nov. 7 2007

Me GÉRALD TREMBLAY :

We're out of sequence.

A- We may be out... we may be out of sequence. If  
you'd like me to go back, and then take it in... in  
perhaps better sequence and I can tell you what...  
what occurred to me.

Me CLAUDE-ARMAND SHEPPARD:

192 Q- Well, have it your way, because we'll be covering  
that territory in some detail, but if it... I'm  
trying to understand how this English version got to  
be made.

A- Ah well, on the... I was advised, on the second  
(2nd) of November, that Mr. Karl-Heinz Shreiber  
wanted to speak with me. I was in Toronto at a  
meeting. I was unable to reach him until I returned  
home. The evening of the second (2nd) of November,  
with my wife present, I called Mr. Shreiber at the  
number I was given.

193 Q- Where was that?

A- It appeared to be a number in Switzerland. He told

PV/cc

BRIAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

(DISCUSSION OFF RECORD)

Me CLAUDE-ARMAND SHEPPARD:

227 Q- You told me that you were apprised of this, I believe on November second (2nd), nineteen ninety-five (1995) by a call that you received from Karl-Heinz Shreiber. Did you receive it at your home, or at your office? 5

A- No, I was attending a board meeting in Toronto.

228 Q- But did you take... you took the call in front of your wife in Montreal? 10

A- No, the... the... when I returned to Montreal. I received the notice that he wished to speak with me in Toronto.

229 Q- Right. 15

A- I was left a telephone number. I was able to place one (1) telephone call after the board meeting, unsuccessfully. I then returned to Montreal, and when I came in at home, I said to... before we could have dinner, I said to Mila, "Mr. Shreiber has been calling me and asking me if I would call him at this number, I'll... let me try and get a hold of him before we have dinner, because it's already quite late there". And I called him. 20

And that's when I heard for the first time the 25

PV/cc

- 80 -

AUDIOTRANSSCRIPT, Division de Pierre Viétre & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

horror of what had been inflicted on me.

230 Q- So, I take it you knew who Mr. Karl-Heinz Shreiber was when you received the message?

A- Yes, I did.

231 Q- You know him?

A- I know him, yes.

232 Q- Can you describe your relationship with him?

A- He... it was a businessman from Germany who moved, apparently to Alberta, where he was involved in business, and I was introduced to him, I... I believe, although I have no specific recollection of this, that it must have been in the beginning of the early eighties (80's).

He was a successful business person in Alberta, and I was president of the Iron Ore Company of Canada, and I would have been introduced to him in... in, I believe, a business context. Although I did know that he was a very strong supporter of the Government, of Premier Peter Lougheed, whom I admired a great deal. That was my knowledge of him at the time.

233 Q- You were introduced to him in Alberta or in Quebec?

A- I... I don't remember.

234 Q- Okay. And you don't remember in what connection?

A- I don't remember in what connection because three

FV/cc

- 81 -

AUDIOTRANSSCRIPT, Division des Procès Vidéo & Audiovisuels

BRIAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

(3) years later or... three (3) years later at about that time, I ran for the leadership of the Conservative Party. I then became leader of the opposition and Prime Minister, all in rapid succession.

And, as you know, you encounter all kinds of people in those activities. I cannot be more specific than that, although I certainly am sure that I met him in the years prior to nineteen eighty-four (1984).

235 Q- Okay. Can you describe your relationship with him after?

A- Mr. Shreiber was a businessman who seemed to be interested in... in economic development in Canada, and in one project in particular. I... I tended to associate him with one project in particular, and it's the one that's become known as the "Tiszen Project".

He had a project which dealt with Canadian Exports. He believed - and he was quite knowledgeable about the capacity and the need for Canada to export.

He had a project which called for the building of vehicles that would be either sold to the NATO armies or eventually, as time went on, a new vehicle

PV/cc

- 82 -

AUDIOTRANSSCRIPT, Division de Pierre Vein & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

that would be sold to the United Nations Peacekeepers.

This project, when it first came to my attention, was to have been built in Cape Breton. When I was first elected to the House of Commons, I was elected from Central Nova in Nova Scotia, and I had been educated in... in that area as well. I'd gone to college there. I was well familiar with the area and unemployment rates that ranged as high as fifty percent (50%).

And so a project that would create say a thousand (1,000) jobs and bring new technology, it's always attractive to the Government of Canada. And so I tended to associate him with that specific project on which...

236 Q- That's what you call the "Tissen Project"?

A- That's what I call the "Tissen Project".

237 Q- Why? What... what does the name mean?

A- Because the... the name Tissen, in Canada, was a... a German employer that had already purchased... as I understood it, Tissen had made investments in Canada and at that time had approximately three thousand (3,000) employees in other areas of endeavour.

Mr. Shreiber's principal interest, to the ex-

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

tent that I was aware of one, was the idea of per-  
 suading the Government of Canada and Provincial  
 Government to locate in an area of high unemployment  
 an industry that would create high technology  
 vehicles for sale initially to NATO military  
 forces... 5

But eventually, in the ninety... in the early  
 nineteen nineties (1990's), when we dispatched our  
 troops to Yugoslavia - because Canada was one of the  
 first countries to do so and you'll remember there 10  
 were great difficulties about the safety of our...  
 of our troops - and the idea was then that perhaps  
 this new vehicle that had been devised by Tissen  
 could be built at that time in the east end of  
 Montreal. 15

So the concept throughout was a vehicle which  
 was... which had a high job creation component, a  
 high technology that required infrastructure funds  
 by either Provincial or Federal Governments, and  
 that's what he was interested in. 20

238 Q- He was promoting it on behalf of Tissen or...?

A- I believe so.

239 Q- And can you go on to describe your relationship over  
 the years?

A- Well, it was a... he lived... he lived in Germany 25

FV/cc

- 84 -

AUDIOTRANSSCRIPT, Division de Pierre Vidale & Associés Ltée

BRIAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

and he visited Canada... as I could see, he visited Canada infrequently. He went to Alberta, I think, from time to time to Ottawa, to... as I say, work on this particular project.

He was... I came to know him as a... and the people in Alberta who had been his partners described him as a... a hard working, diligent, successful business person who was very interested in this particular project and worked very hard to try and secure its realization.

I can tell you that I... I suppose it's the same thing today, any serious multinational company comes to see the Prime Minister or the Minister of Industry and says, "I can create a thousand (1,000) jobs in the east end of Montreal or in Cape Breton", you can bet your bottom dollar that there's going to be interest in that.

And so Mr. Shreiber was also, as a German-Canadian, he was extremely well informed... extremely well informed on questions such as German reunification which was beginning in the... after nineteen eighty-nine (1989) to acquire a degree of importance.

And on the infrequent occasions when I would see him on business, when he was promoting the

EV/cc

- 85 -

AUDIOTRANSSCRIPT, Division de Merit Vialre &amp; Associés Ltée



BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

Tissen Project, he would raise this German reunification issue and speak very knowledgeably about it.

It was something that interested me a great deal, as a question of Canadian foreign policy, and as you may remember, ultimately, when Chancellor Kohl reported to the... to the Commission of the Bundestag on the... the achievements of the... of the realization... the unification, he particularly thanked the United States, Russia and Canada for our contributions to that objective.

So I was... I was of course impressed by anyone with good knowledge... a good knowledge base and the capacity to articulate it. My association... he was interested in that, he was interested in Canadian exports, and the project that I associated with him was this one that I've described to you.

240 Q- Did you visit with him at any of his homes in Europe and Canada?

A- No.

241 Q- When you met him, where would the meetings take place?

A- In my office in Ottawa. There may have been... he may have been at a fund-raising dinner or he may have shown up in other circumstances. I... I mean

PV/cc

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AUDIOTRANSSCRIPT, Division de Plans Vétérans & Associés Ltd

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

(100,000,000), and I cancelled the contract on the basis of a hundred million (100,000,000).

On the basis of seven hundred million (700,000,000), I'd have cancelled it seven (7) times as fast.

311 Q- You say you can... you cancelled it on the basis of the R.C.M.P. figure or on the basis of your own...

A- No, no...

312 Q- ... information that you obtained?

A- ... no, you... no, I cancelled on the basis of what is reported that my chief of staff, Mr. Spector, reported to me that it would cost in excess of a hundred million dollars (\$100,000,000.00).

Believe me, there are very few things I would accept on R.C.M.P. figures, and I would advise you to be equally prudent.

313 Q- Now, I want to go back to your conversations with Mr. Shreiber in the course of November. You explained to us that you had several conversations with Mr. Shreiber because of your difficulty in obtaining information you needed from the Canadian Government. Is that correct?

A- No.

314 Q- Or do I misunderstand your answer earlier?

FV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltée

BRIAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

Me GÉRALD TREMBLAY:

There's a question of timing, Mr. Sheppard.  
Are we talking about the second (2nd), the third  
(3rd), or when... when are you talking about?

Me CLAUDE-ARMAND SHEPPARD: 5

I asked Mr. Mulroney whether he had conver-  
sations with Mr. Shreiber after November second  
(2nd), and he said he had several and he  
explained...

A- Of what... of what year? 10

315 Q- Nineteen ninety-five (1995).

Me GÉRALD TREMBLAY:

The present thing.

A- Oh, yes, yes, indeed, yeah.

Me CLAUDE-ARMAND SHEPPARD: 15

316 Q- And you explained that your recollection of the need  
for these conversations was, to some extent, your  
difficulty in obtaining from the Canadian Government  
the information needed.

A- That's the greatest understatement I've ever heard. 20  
We implored the Canadian Government to please  
provide us with the information that they had given  
to a foreign government, and they refused  
categorically.

And so, obviously, Mr. Sheppard, you'll under- 25

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vinha & Associés Ltée

BRYAN MULRONEY  
AVANT DÉFENSE  
INTERROGATOIRE

stand if the roles were reversed and you were placed in that situation, you would be glad of an opportunity to converse with someone who could provide you with the document.

317 Q- But the... the conversations you had with Shreiber were the result of your need for information, is that a fair assumption? 5

A- Yes.

Me GÉRALD TREMBLAY:

Mr. Sheppard, I think that you... you're a bit misleading here. You... on the second (2nd), when he hears about it for the first time, the call in Toronto is not a call where Mr. Mulroney needed information from the Federal Government; he had never heard of the thing before. 10 15

Me CLAUDE-ARMAND SHEPPARD:

Mr. Tremblay, if you listened to me, you wouldn't object unnecessarily.

Me GÉRALD TREMBLAY:

That's what you said. 20

Me CLAUDE-ARMAND SHEPPARD:

I'm not referring to November second (2nd), I'm referring to the subsequent calls which Mr. Mulroney described to us this morning.

318 Q- Did you, in the course of these conversations in 25

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltd

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

November, discuss with Mr. Shreiber whether or not he had been paid, he or his companies had been paid commissions by Airbus?

A- I never knew... first, prior to this, I had never heard, I never knew and I do not know to this day what arrangements, if any, had been made by Mr. Shreiber or anyone else in respect of any commercial transaction.

319 Q- No, but when you speak to Mr. Shreiber after November third (3rd)...

A- Yes.

320 Q- ... you have the translation prepared by Blum & Partner...

A- Yes.

321 Q- ... of a good part of the Canadian request.

A- As best we could.

322 Q- Yeah. And you have an idea, at that stage, of what the Canadian Government is alleging?

A- Yes.

323 Q- And it concerns you, but it also concerns some other individuals, one of whom is Shreiber?

A- M'hm. M'hm.

324 Q- And the Canadian Government alleges that very substantial sums were paid to Mr. Shreiber by Airbus Industries, and you didn't discuss with Mr. Shreiber

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

whether it was true or not?

A- Mr. Sheppard, the document said, among other things, this, "This investigation is of serious concern to the Government of Canada, as it involves criminal activity on the part of a former Prime Minister". This is not an allegation, this is a statement of fact where the Government of Canada is judge, jury and executioner.

And what preoccupied me, inasmuch as I had never heard of the Airbus matter in my life, what preoccupied me were the extraordinary falsehoods and injustices as they involve me. And I wondered with my family and my friends, quite frankly, how in the name of God could this come about? How could this happen in Canada? How can something like this actually take place?

And the fact that Mr. Shreiber may or may not have had any business dealings was not my principal... my principal preoccupation. I had never had any dealings with him. The...

325 Q- But...

A- ... the... I knew when I read the document, I knew when I went over what was given me, when I took a look at it, statement after statement was false.

326 Q- About you?

PV/cc

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AUDIOTRANSRIPT, Division de Pierre Vézina & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉPENSE  
 INTERROGATOIRE

A- All I can do is tell you about myself. I'm not in a position to talk about anybody else. When the document said that I had a bank account in Switzerland, false. When the document said that I received twenty percent (20%) of twenty million dollars (\$20,000,000.00), false. When the document said I received money from Frank Moores, false. When the document said that... that I had an account elsewhere, false. When the document said that I had received whatever... there are twenty-nine (29) affirmations of fact here... alleged fact. Every single one of them, false as they apply to me. 5 10

My concern, Mr. Sheppard, was -- as I have tried to tell you -- my conversations with Mr... with Mr. Shreiber were to get some background and to say... to share with him my own profound dismay, and he said... he said "I have no idea why or how you were involved in this... in this thing in any way". 15

327 Q- But your search for the background did not include whether... you had or had not received the commissions alleged in that document? 20

A- Well, look I... perhaps I can explain why this... I've tried to tell you why this was not a... a main preoccupation of mine. The Prime... I was Prime Minister of Canada for nine (9) years. Among the 25

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltée

BRIAN MULRONEY  
 AVANT DÉFENSE  
 INTERROGATOIRE

Me CLAUDE-ARMAND SHEPPARD:

429 Q- I understood you got that from the lawsuit, as all  
 of us did...

A- Yes, yes.

430 Q- ... which was filed in Federal Court. 5

A- That is right.

431 Q- Yeah. Oh, so the copy that you obtained was sent to  
 you by Mr. Shreiber?

A- No, it was not. It was sent... I asked his lawyer,  
 or my lawyers asked his lawyers, "Could we get... 10  
 could we get a copy?"

432 Q- But the... so I... perhaps I misunderstood. When  
 you talked about having coffee with Mr. Shreiber at  
 the Queen Elizabeth, it was in the period subsequent  
 to November nineteen ninety-five (1995)? 15

A- No. No, it was after I left office in nineteen  
 ninety-three (1993), and that's when he told me, as  
 I indicated to you, that... that he was dismayed  
 that my Government had not allowed him to proceed  
 with his desire to build this Tissen Project. 20

And that's when he told me that he had hired  
 Marc Lalonde to represent him, because he figured  
 that Mr. Lalonde could prevail upon Mr. Chrétien and  
 the Government to have this done in the East end of  
 Montreal. Which, by the way, had they been able to 25

PV/cc

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AUDIOTRANSSCRIPT, Division de Pierre Vézina & Associés Ltée



Government of Canada / Gouvernement du Canada

January 9, 1997

Mr. Karlheinz Schreiber  
c/o Mr. Robert W. Hladun, Q.C.  
Hladun & Company  
100, 10137 - 104 Street  
Edmonton, Alberta  
T5J 0Z9

This is Exhibit 8 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov 2007  
Regele  
A COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. Schreiber:

On Sunday, January 5, 1997, the Government of Canada, the RCMP and others entered into a settlement agreement with the Right Honourable Brian Mulroney. The settlement agreement, a copy of which is enclosed for your information, recorded the terms on which the parties thereto resolved issues arising from the circumstances set forth below.

On September 29, 1995, the Government of Canada sought the assistance of authorities in Switzerland in relation to a criminal investigation being conducted by the Royal Canadian Mounted Police. The Request for Assistance was initiated and drafted by the RCMP and signed and sent by the Department of Justice to the Swiss authorities.

The Request for Assistance was a highly confidential state to state communication, intended to be received by Swiss authorities, who knew that it contained only allegations that were to be verified, and that the persons named were presumed innocent of any wrongdoing.

Furthermore, the procedure used in sending the Request for Assistance to Switzerland in this case was the same as that followed in numerous previous requests for mutual assistance under both the current and previous administrations, where such requests have always remained confidential.

By means that are unknown to the Government of Canada, a Toronto newspaper apparently obtained a copy of a translation of the Request for Assistance and published its particulars.

2

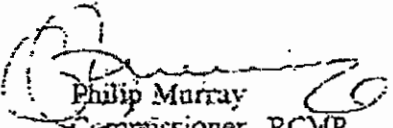
The Government of Canada did not foresee that the Request for Assistance would become public. Since it did, the Government of Canada has reviewed its procedure to ensure that the risk of this happening again is minimized.

The RCMP investigation in this matter continues. It is important to emphasize, however, that it is an investigation at this stage, no charges have been laid, and all of those under investigation are presumed to be innocent.

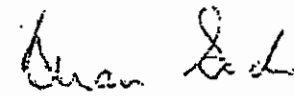
Some of the language contained in the Request for Assistance indicates, wrongly, that the RCMP had reached conclusions that you had engaged in criminal activity.

Based on what is set out above, and as a matter of logical consistency, the Government of Canada and the RCMP fully apologize to you for that language, and regret any effect that it may have had on you or your family.

Yours very truly,



Philip Murray  
Commissioner, RCMP



Allan Rock  
Minister of Justice & Attorney  
General of Canada



# OnCorp ECI Details

<b>Corporate Number</b>	000760978
<b>Current Name</b>	GCI GOVERNMENT CONSULTANTS INTERNATIONAL INC.
<b>Status</b>	X - A Federal or Domestic Extra-Provincial Corporation which has been dissolved by its home jurisdiction
<b>Type</b>	R - Federal Corporation with Share Capital
<b>Share Capital</b>	S - Share Capital
<b>Jurisdiction</b>	CANADA
<b>Incorporation Date</b>	1988-01-31
<b>Amalgamation Indicator</b>	A - This corporation is an amalgamation.
<b>Letter / Cancellation / Amalgamated / Inactive Date</b>	2000-03-06

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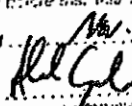
Request ID: 009705901  
 Transaction ID: 33805926  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 09:25:25  
 Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
836302	THE GOVERNMENT BUSINESS CONSULTING GROUP INCORPORATED	1971/05/06
		<b>Jurisdiction</b>
		NOVA SCOTIA
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
EP DOMESTIC WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
<b>Registered or Head Office Address</b>	<b>Date Amalgamated</b>	<b>Amalgamation Ind.</b>
440 LAURIER AVENUE WEST	NOT APPLICABLE	NOT APPLICABLE
Suite # 320 OTTAWA ONTARIO CANADA K1R 7X6	<b>New Amal. Number</b>	<b>Notice Date</b>
	NOT APPLICABLE	NOT APPLICABLE
<b>Principal Place of Business in Ontario</b>		<b>Letter Date</b>
440 LAURIER AVENUE WEST		NOT APPLICABLE
Suite # 320 OTTAWA ONTARIO CANADA K1R 7X6	<b>Revival Date</b>	<b>Continuation Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>Transferred Out Date</b>	<b>Cancel/Inactive Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>EP Licence Eff. Date</b>	<b>EP Licence Term. Date</b>
	NOT APPLICABLE	NOT APPLICABLE
	<b>Date Commenced in Ontario</b>	<b>Date Ceased in Ontario</b>
	NOT AVAILABLE	NOT APPLICABLE
<b>Activity Classification</b>		
BUSINESS SERVICE INDUSTRIES		

This is Exhibit 9 referred to in the  
 affidavit of K. Schröder  
 sworn before me, this 7  
 day of Nov. 2007  
  
 A REGISTRAR FOR FINANCIAL SERVICES

Request ID: 009705901  
 Transaction ID: 33805926  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 09:25:25  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

836302

Corporation Name

THE GOVERNMENT BUSINESS CONSULTING GROUP  
 INCORPORATED

Corporate Name History

REFER TO JURISDICTION

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:  
 Name (Individual / Corporation)

EDMOND  
 W.  
 CHIASSON

Address

440 LAURIER AVENUE WEST  
 Suite # 320  
 OTTAWA  
 ONTARIO  
 CANADA K1R 7X6

Date Began

1995/01/13

First Director

NOT APPLICABLE

Designation

OFFICER/MANAGER IN ONT.

Officer Type

Resident Canadian

NOT APPLICABLE

Request ID: 009705901  
Transaction ID: 33805926  
Category ID: UWE

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
Time Report Produced: 09:25:25  
Page: 3

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

836302

THE GOVERNMENT BUSINESS CONSULTING GROUP  
INCORPORATED

### Last Document Recorded

Act/Code	Description	Form	Date
CB	UPDATE	461A	1995/09/12

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON THE COMPANIES AND PERSONAL PROPERTY SECURITY BRANCH MICROFICHE.

The issuance of this report in electronic form is authorized by the Director of Companies and Personal Property Security Branch.

**OnCorp ECI Details**

<b>Corporate Number</b>	000836302
<b>Current Name</b>	THE GOVERNMENT BUSINESS CONSULTING GROUP INCORPORATED
<b>Previous Name(s)</b>	EDUCATION CONSULTANTS ATLANTIC LIMITED FRED DOUCET CONSULTING INTERNATIONAL INCORPORATED
<b>Status</b>	0 - Active
<b>Type</b>	Y - Extra-Provincial Domestic Corporation with Share Capital
<b>Share Capital</b>	S - Share Capital
<b>Jurisdiction</b>	NOVA SCOTIA
<b>Incorporation Date</b>	1971-05-06

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Request ID: 009705904  
 Transaction ID: 33805935  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 09:25:40  
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## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
1248156	SPAGHETTISSIMO NORTH AMERICA INC.	1997/07/24
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	CANC. BY C.T.	NOT AVAILABLE
<b>Registered Office Address</b>	<b>Date Amalgamated</b>	<b>Amalgamation Ind.</b>
640 BROADWAY AVENUE	NOT APPLICABLE	NOT APPLICABLE
EAST YORK	<b>New Amal. Number</b>	<b>Notice Date</b>
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA M4G 2S7		<b>Letter Date</b>
<b>Mailing Address</b>		NOT APPLICABLE
640 BROADWAY AVENUE	<b>Revival Date</b>	<b>Continuation Date</b>
EAST YORK	NOT APPLICABLE	NOT AVAILABLE
ONTARIO	<b>Transferred Out Date</b>	<b>Cancel/Inactive Date</b>
CANADA M4G 2S7	NOT APPLICABLE	2006/03/13
	<b>EP Licence Eff. Date</b>	<b>EP Licence Term. Date</b>
	NOT APPLICABLE	NOT APPLICABLE
<b>Activity Classification</b>	<b>Number of Directors</b>	<b>Date Commenced</b>
WHOLESALE TRADE INDUSTRIES	Minimum Maximum	in Ontario
	00001 00010	NOT APPLICABLE
		<b>Date Ceased</b>
		in Ontario
		NOT APPLICABLE

This is Exhibit 10 referent to in the  
 affidavit of K. Schneider  
 sworn before me, this 7  
 day of Nov. 2007  
Paul Gale  
 A COMMISSIONER FOR TAXES APPOINTED



Request ID: 009705904  
 Transaction ID: 33805935  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 09:25:40  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

1248156

Corporation Name

SPAGHETTISSIMO NORTH AMERICA INC.

Corporate Name History

SPAGHETTISSIMO NORTH AMERICA INC.

Effective Date

1997/07/24

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:  
 Name (Individual / Corporation)

GREGORY  
 GEORGE  
 ALFORD

Address

640 BROADWAY AVENUE

EAST YORK  
 ONTARIO  
 CANADA M4G 2S7

Date Began

1997/07/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 009705804  
 Transaction ID: 33805835  
 Category ID: UNE

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 09:25:40  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

1248156

Corporation Name

SPAGHETTSSIMO NORTH AMERICA INC.

Administrator:  
 Name (Individual / Corporation)

GREGORY  
 GEORGE  
 ALFORD

Address

640 BROADWAY AVENUE

EAST YORK  
 ONTARIO  
 CANADA M4G 2S7

Date Began

1997/07/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:  
 Name (Individual / Corporation)

GREGORY  
 GEORGE  
 ALFORD

Address

640 BROADWAY AVENUE

EAST YORK  
 ONTARIO  
 CANADA M4G 2S7

Date Began

1997/07/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 009705904  
Transaction ID: 33805835  
Category ID: UN/E

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
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## CORPORATION PROFILE REPORT

Ontario Corp Number

1248156

Corporation Name

SPAGHETTSSIMO NORTH AMERICA INC.

Administrator:  
Name (Individual / Corporation)

DAVID  
E.  
MARTIN

Address

1514-655 BROADVIEW AVENUE

TORONTO  
ONTARIO  
CANADA M4K 2P3

Date Began

1997/07/24

First Director

YES

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

**OnCorp ECI Details**

<b>Corporate Number</b>	001248156
<b>Current Name</b>	SPAGHETTSSIMO NORTH AMERICA INC.
<b>Status</b>	B - Corporation has been cancelled at the request of the Corporations Tax Branch, Ministry of Finance
<b>Type</b>	A - Ontario Business Corporation
<b>Share Capital</b>	S - Share Capital
<b>Jurisdiction</b>	ONTARIO
<b>Incorporation Date</b>	1997-07-24
<b>Letter / Cancellation / Amalgamated / Inactive Date</b>	2006-03-13

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# HLADUN & COMPANY

BARRISTERS • SOLICITORS

Robert W. Hladun, Q.C.  
(also Speak Book)  
Michael L. Popman  
Kenneth E. Skaper  
Eric C. Leach  
Jeffrey M. Chow

104, 108th - 204 Street  
Edmonton, Alberta, T5J 0Z9  
Phone (780) 423-1828  
Fax (780) 424-0984  
E-Mail: [hladun@hladun.com](mailto:hladun@hladun.com)

OUR FILE 16,755 RWH  
YOUR FILE

Via Fax: 1(416)366-7994

January 26, 2000

Greenspan, Hensin and White  
Barristers  
144 King Street East  
Toronto, Canada  
M5C 4G8

ATTENTION: EDWARD L. GREENSPAN, Q.C.

Dear Sir:

Re: Kartheiser Schreiber

Further to your letter of January 10, 2000, to the best of my recollection:

October 17, 1997 - received telephone message to call Gerald Tremblay who advised that he needed a letter from Mr. Schreiber to keep on file and not to discriminate anyone in order to be able to send out a letter to CBC. The letter he would send to CBC, would in his opinion, shut down the airing of the CBC Fifth Estate story on the "AIRBUS" - October 20<sup>th</sup>?

October 17, 1999 - received a call from Mr. Mulhoney who advised that he had instructed Mr. Tremblay to issue a letter to CBC's Fifth Estate indicating that if there was the slightest implication that Mr. Schreiber, Mr. Moore and Brian Mulhoney were involved in any way (I assumed as alleged in Letter of Request) then there would be terrible consequences (I assumed that to mean a lawsuit). He would issue the letter but first wanted an assurance or counter in writing from Mr. Schreiber saying that he would confirm what he had said publicly on many occasions, that at no time did Brian Mulhoney solicit or receive compensation of any kind from Schreiber.

This is Exhibit 11 referred to in the  
affidavit of P.K. Schreiber  
sworn before me, this 7  
day of Nov: 2000  
*[Signature]*  
A COMMISSIONER FOR TAKING AFFIDAVITS

16-Jul-88

10:55

Frost-Hladun &amp; Company

+7184248834

T-157 P.000/000 P-000

- He also indicated that he would instruct McCarthy Tezzault, in particular Mr. J. Jeanseune to assist by sending whatever documents we required from their files (this offer was given on a number of previous occasions).
- He indicated that his letter to CBC could possibly or should stop the whole Fifth Estate program from being aired.

October 17, 1999 - another call from Mr. Mulroney at which time I indicated that I was not sure whether or not a letter would be forthcoming.

I hope this is of some assistance.

Yours truly,

HLADUN & COMPANY

Per: 

ROBERT W. HLADUN, Q.C.

RWH/sl

**MANDATE**

To provide a watching brief to develop economic opportunities for our companies,

including 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.

The mandate will be for a period of three years. The fee to cover services and expenses is set at \_\_\_\_\_ for the period.

This is (shipped) <sup>12</sup> referred to in the  
affidavit of K. Schreiber  
sworn before me, this <sup>7</sup>  
day of Nov. 2007  
[Signature]  
A COMMISSIONER FOR TAKING AFFIDAVITS

# RETO

Reto's Restaurant Systems International Inc.

**Karlheinz Schreiber President**

**1 Acacia Avenue  
Ottawa, Ontario K1M 0P3 Canada  
tel: 613-236-2562  
fax: 613-230-3346**

**rrsi@sympatico.ca**

This is Exhibit 13 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
Kell  
A COMMISSIONER FOR TAKING AFFIDAVITS



Request ID: 009706368  
 Transaction ID: 33807112  
 Category ID: UN/E

Province of Ontario  
 Ministry of Consumer and Business Services  
 Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
 Time Report Produced: 10:17:01  
 Page: 1

## CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>	<b>Incorporation Date</b>
1482678	RETO'S RESTAURANT SYSTEMS INTERNATIONAL INC.	2001/06/26
		<b>Jurisdiction</b>
		CANADA
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
FEDERAL CORP WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
<b>Registered or Head Office Address</b>		<b>Date Amalgamated</b>
1 ACACIA AVENUE		NOT APPLICABLE
		<b>Amalgamation Ind.</b>
		NOT APPLICABLE
		<b>New Amal. Number</b>
		NOT APPLICABLE
		<b>Notice Date</b>
		NOT APPLICABLE
		<b>Letter Date</b>
		NOT APPLICABLE
<b>Principal Place of Business in Ontario</b>		<b>Revival Date</b>
1 ACACIA AVENUE		NOT APPLICABLE
		<b>Continuation Date</b>
		NOT APPLICABLE
		<b>Transferred Out Date</b>
		NOT APPLICABLE
		<b>Cancel/Inactive Date</b>
		NOT APPLICABLE
		<b>EP Licence Eff. Date</b>
		NOT APPLICABLE
		<b>EP Licence Term. Date</b>
		NOT APPLICABLE
<b>Activity Classification</b>		<b>Date Commenced In Ontario</b>
NOT AVAILABLE		2001/06/26
		<b>Date Cessed In Ontario</b>
		NOT APPLICABLE

Request ID: 009706368  
Transaction ID: 33807112  
Category ID: UNE

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
Time Report Produced: 10:17:01  
Page: 2

# CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1482678

RETO'S RESTAURANT SYSTEMS INTERNATIONAL  
INC.

Corporate Name History

REFER TO JURISDICTION

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:  
Name (Individual / Corporation)

Address

Date Began

NOT APPLICABLE

First Director

NOT APPLICABLE

Designation

OFFICER/MANAGER IN ONT.

Officer Type

Resident Canadian

NOT APPLICABLE

Request ID: 009706368  
Transaction ID: 33807112  
Category ID: UN/E

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
Time Report Produced: 10:17:01  
Page: 3

## CORPORATION PROFILE REPORT

Ontario Corp Number

1482678

Corporation Name

RETO'S RESTAURANT SYSTEMS INTERNATIONAL  
INC.

Administrator:  
Name (Individual / Corporation)

Address

REPORTED AS NOT APPLICABLE

Date Began

NOT APPLICABLE

First Director

NOT APPLICABLE

Designation

AGENT FOR SERVICE

Officer Type

Resident Canadian

NOT APPLICABLE

Request ID: 009706368  
Transaction ID: 33807112  
Category ID: UNE

Province of Ontario  
Ministry of Consumer and Business Services  
Companies and Personal Property Security Branch

Date Report Produced: 2007/11/06  
Time Report Produced: 10:17:01  
Page: 4

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1482678

RETO'S RESTAURANT SYSTEMS INTERNATIONAL  
INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	2	2002/08/21

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON THE COMPANIES AND PERSONAL PROPERTY SECURITY BRANCH MICROFICHE.

The issuance of this report in electronic form is authorized by the Director of Companies and Personal Property Security Branch

July 19, 2004

William:

I must confess I am not au courant with the recent happenings, e.g, your Globe and Mail articles (3) in the Stevie Cameron, Brian Mulroney, Karlheinz Schreiber matter.

All I know is in my memory bank I call a brain and I think I discussed most of it with you on the "phone yesterday.

Mike Duffy keeps sending me Emails about Ms. Cameron and her fundraising efforts in Toronto. I don't know if he is sending me them for action (unlikely) or if his tongue is in his cheek (likely). I have a call in for him but I suspect he is scarfing down lobsters in P.E.I.

The last message I received from him was the McGill-Queens University Press web page about your upcoming book.

Jaysus, I hope you are not writing what I read and that it is the over-zealous product of a flack in McGill-Queens' promotion department.

My guess is that Mulroney will sue the pants off you and McGill-Queens.

I am totally unaware of any circumstance "WHERE HE TESTIFIED UNDER OATH ABOUT HIS RELATIONSHIP ABOUT HIS RELATIONSHIP WITH

This is Exhibit 14 related to in the affidavit of K. Schreiber sworn before me, this 7 day of Nov. 2007 [Signature] A COMMISSIONER FOR TAKING OF OATHS

6132314778

MACABAH

07/19/84 10:40

P01

2.

GERMAN MIDDLEMAN KARLHEINZ SCHREIBER AND THEN TRIED TO SUPPRESS THE STORY IN THE MEDIA."

I am also at sea regarding the passage in the promo piece: "KAPLAN REVEALS HOW HE WAS MISLED AND DECEIVED BY BOHT MULRONEY AND CAMERON."

Did you know that early on, Mulroney's lawyer, Roger Tasse, the much respected former deputy minister of Justice, contacted the Justice department in Ottawa and offered to come to Ottawa and table Mulroney's income tax returns for the past 20 years. Justice blew Tasse away as if he were a nuisance.

The amount Mulroney received was \$225,000 - not \$300,000 - and he declared it and paid tax on it.

I went through my old files, correspondence and Emails last night and found that:

1. Karlheinz hired Mulroney to sell Bearhead armoured vehicles to China. The vehicles were/are top of the line. Former Chief of the Defence Staff Ramsey Withers told me Bearhead's vehicle was the Cadillac of armoured vehicles - heavily armoured and capable of performing for four days in air conditioned comfort in the event of a gas attack. Ramsey said the vehicles the Canadian military bought were so

3.

lightly armoured that a bullet from a standard NATO rifle could pierce the skin. He also said that the crew would be goners in a chemical or biological attack.

2. Schreiber also engaged Mulroney to explore the sale of pasta machines. The machines required a special kind of wheat and Schreiber thought that this would be right up the alley of Archer, Daniel, Midland. Mulroney was a consultant to ADM. I found this out from a former Hill aide who went to work for ADT in one of their installations in the mid-West.

Mulroney told me he was interrogated by nine (9) Justice lawyers at Examination for Discovery and not once was he asked if he had received a financial retainer from Schreiber. The air at the Examination was so poisonous that all Mulroney offered was name, rank and serial number and truthful answers to any questions.

Was Mulroney expected to tell the world, voluntarily, that he had been retained by Schreiber? I think now.

When I was at GCI I didn't go about boasting who my clients were or what services I performed for them.

I respect you as a lawyer, researcher and gifted author and don't want to see you end

4.

up wearing egg all over your face or spending the next few years in Quebec Superior court defending yourself. Mark my words, I have known Mulrohey since 1955 and I know he will pull out all the stops if he believe his name is being "besmirched".

I hope what I read is the hype of an over-zealous flack in McGill-Queens' promo department.

Pat MacAdam



KARLHEINZ SCHREIBER

The Right Hon. Brian Mulroney, P.C., LL.D.

47 Forden Crescent  
Westmount Quebec

CANADA ...H3 Y 2 Y 5

Ottawa July 20, 2006

Dear Brian,

Over the past three month I have learned a lot about the "monster" that has dogged our footsteps since 1994. Without a doubt, this is the biggest "Political Justice Scandal" in Canadian history.

The most recent statements under oath in court and during Examinations for Discovery have confirmed that Stevie Cameron, journalist, writer, confidential RCMP informant and complainant, had been passing information to the Mounties since 1988. She, together with a convicted Swiss criminal, Giorgio Pelossi, Canadian political figures and government officials are responsible for the "Political Justice Scandal" in Canada as well as in Germany and many other countries.

I also for the first time encountered a satisfying explanation regarding a very painful misunderstanding between us related to the "Bear Head Project".

You and I are the innocent victims of this vendetta and you are the still the prime target.

I have been trying since 1997 to bring the truth to light in a courtroom in Alberta, so far without success, due to the delay tactics of the Department of the Attorney General.

The "Political Justice Scandal" around the "Airbus Affair" will not go away by itself. The people behind the conspiracy must be exposed through determined actions and brought to justice. You and I have a responsibility towards our families, our friends, international companies involved, as well as to Canadians, to Canada and ourselves.

Despite the fact that I was very angry about the statements made by Norman Spector, Luc Lavoie and Bill Kaplan, I regret deeply that the people from the CBC's Fifth Estate were able to entrap me, just as they did so many others before me. This was possible with the help of an American journalist, whom I have trusted for a long time. He was misled, as was I.

MacKAY LAKE ESTATES  
7 BITTERN COURT, ROCKCLIFFE PARK  
OTTAWA, CANADA K1L 8K9  
Tel: 613-748-7330 Fax: 613-748-9697

This is Exhibit 15 returned to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2006  
K. Schreiber  
A COMMISSIONER FOR LAWFUL PROCEEDINGS

I wish to tender my profuse apologies to you for the misleading, erroneous and unfair characterization of your business relationship with me as depicted on the CBC program, "The Fifth Estate".

Without excusing my part, it is fair to say that I was misled by the producers that the program would deal with my complaints about the "sting" operation mounted against me by the RCMP.

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

I still believe that my statements in the book "The Secret Trial," together with my testimony under oath at the Eurocopter trial and my statements to Bob Fife, have made it crystal clear what my position is.

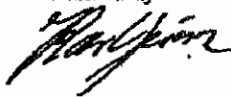
There is no "Airbus Affair" involving Brian Mulroney and furthermore there is nothing to hide.

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

It is far too long since we had lunch together. I think it is wrong not to speak to each other. Too many people talk too much. I have not changed. I have always been your friend, even though I was irritated for some time, which I regret. For the sake of objectivity and fairness, I ask you to accept my apology.

I am happy that your health is fine again: so let us clear the air and bring peace to our families and ourselves.

Yours sincerely



## KARLHEINZ SCHRIBER

7 BITTERN COURT, ROCKCLIFFE PARK  
OTTAWA, CANADA K1L 8K9

TELEPHONE 613 748 7330  
FACSIMILE 613 748 9697  
schreiberbarbal@aol.com

The Right Hon. Brian Mulroney, P.C., LL. D.  
47 Fordeu Crescent

Westmount, Quebec  
H3Y 2Y5

This is Exhibit 16 referred to in the  
affidavit of K. Schreiber Ottawa, January 29, 2007  
sworn before me, this 7  
day of Nov. 2007  
ALG  
COMMISSAIRE EN CHIEF DES JUDGES N. FIDAVITS

Dear Brian,

I refer to my letter January 19, 2006 concerning the decision of The Hon. Vic Toews, P.C. M.P. then the Minister of Justice and Attorney General of Canada to support his predecessor The Hon. Irwin Cotler by denying the "Airbus" vendetta against you and your friends and the existence of the "Political Justice Scandal".

**This case is much worth and much more dangerous than the Maher Arar case.**

Imagine, a Liberal Minister of Justice initiates a political vendetta against a retired Conservative Prime Minister, his friends and the Conservative Party with the involvement of the officials of the Department of Justice, the RCMP, confidential informants and complainants, undercover agents from foreign agencies, journalists and foreign informants with criminal records.

Officials from the Department of Justice and the RCMP participate in an international political conspiracy, traveling during 12 years on taxpayer's money all over the world even violating the sovereignty of foreign countries. No confirmation concerning their allegations of fraud and bribe was found.

A victim of the vendetta files a lawsuit against the Minister of Justice and the Attorney General of Canada.

The vendetta caused an extradition case against the victim. The officials from the Department of Justice and the RCMP are trying to conceal the vendetta and the abuse of power and committed crimes through extradition or detention.

**I always thought that events like this belong to the political behavior in countries with totalitarian Governments.**

Since February 2006 Canada has a Conservative Government. The victim informed the Prime Minister, the Minister of Justice, the Minister of Foreign Affairs, the Minister of Public Safety and others, including you, about the ongoing vendetta.

On December 1, 2006 the Conservative Minister of Justice confirmed his predecessor's decision to extradite the victim to Germany required through Extradition - Treaty obligations. Every Minister involved and you know that this is a huge lie.

**THE CANADIAN - GERMAN EXTRADITION TREATY**

**ARTICLE V: EXTRADITION OF NATIONALS**

**(1) NEITHER OF THE CONTRACTING PARTIES SHALL BE BOUND TO EXTRADITE ITS OWN NATIONALS .**

**Germany will never extradite one of its Nationals to Canada. The German Constitution, Article 16 (2) will not allow the extradition of its Nationals.**

Dear Brian, can you please tell me why the Conservative Minister of Justice wants the Canadian National Karlheinz Schreiber, the victim, out of the country and help to conceal the biggest "Political Justice Scandal" in Canadian history contrary to the normal political interest of the Conservative Government.

I do not believe that the Hon. Vic Toews, then the Minister of Justice and Attorney General of Canada, made this decision on his own. What is the political interest of the Conservative Government and the Prime Minister in this case and what are the benefits? Is there a serious concern about the possible result of an inquiry?

Unfortunately, you did not respond to my letter as requested and it appears to me that you have no desire to bring any support to my request for a public inquiry which could bring the insanity to an end.

All my personal problems began with Stevie Cameron's book "ON THE TAKE" and Allan Rock's political witch-hunt with the RCMP against you.

Since 1996 I am fighting to bring the truth to light through my lawsuit against the Attorney General of Canada. I never received any support from you despite the fact that I provided support at your request since the late 70s.

At the beginning of October 1999 to my great surprise I learnt that your spokesman Luc Lavoie told Harvey Cashore: "*Karlheinz Schreiber is the biggest fucking liar the world has ever seen. That is what we believe!*"

Believing the story, I got from you through a friend, I filed a lawsuit against the CBC which I had to drop when I got to know the truth and listening to the tapes. The fee: \$ 50,000.

During the Christmas Holydays 1999 I visited Fred Doucet at his home and told him that he should tell you that I would not commit perjury if I would have to testify and that I cannot understand why you don't simply tell the truth. A few days later, when I met with Fred again, he asked me to sign certain agreements concerning our business relationship. I refused to do so.

On January 24, 2000 Mila sent a letter to Baerbel and wrote: "the truth is certainly the best weapon!" She was right. If you would have taken her advice, you might have avoided a lot of trouble for you.

Until now you have to recognize that the Vendetta is not going away by itself.

During the summer of 2006, you again asked for a certain letter from me to be able to support my case, which I have sent to you on July 20, 2006 for your meeting on July 30, 2006.

When I look at the news during the last week and the activities from last year within the Department of Justice, concerning your settlement with the Government, I have a certain idea why your meeting was very important.

To assure that we have the same understanding about my case:

#### The Decision to Surrender

The judicial phase of the extradition process is a determination only that the evidence is sufficient to warrant that the person be extradited. The ultimate decision with respect to whether the person will, in fact, be surrendered to the extradition partner is that of the Minister of Justice.

When you look at my extradition case you have to agree with me that Baerbel's and my life is in the hands of the Minister of Justice and the Prime Minister or the IAG, who can arbitrarily decide since they have no obligation to extradite me to Germany.

Since the Minister of Justice decided on my surrender he must have a special reason to do so. What is the reason, becomes the most interesting question.

5

Dear Brian, I would like to ask you what the reason might be in your opinion, besides this I think it is in your and my best interests that you show up and help me now and bring this insanity to an end. If I am forced to leave Canada this will not end the matter.

Yours sincerely

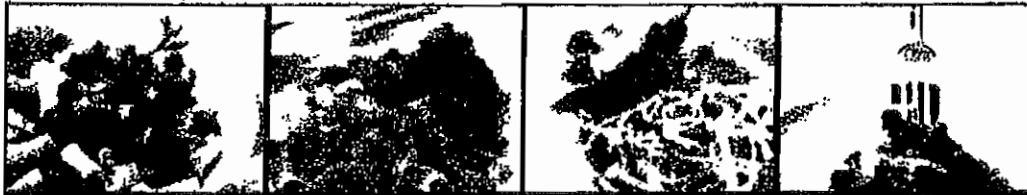
A handwritten signature in black ink, appearing to read "David Jones", written in a cursive style.

# RETO

Pasta Demonstration Project

George Brown  
The Toronto City  
College

The George Brown Chef School



"al dente"

Pasta should never be overcooked. "al dente" is a term used to describe perfectly cooked pasta - just tender and still a little resistant, firm to the bite.



## Pasta For Life

### The Machine

Reto's machine opens the door to a new dimension of cooking pasta using space age technology. Each portion of pasta is cooked to order in fresh, filtered water without salt or oil. In just 70 seconds, with a cooking temperature of 130°C. Perfectly "al dente" and delicious - an extraordinary taste experience of Reto's Pasta Arts™. The machine is patented and produced

exclusively for Reto's Restaurant Systems International™.

*This is Exhibit 1.1. referred to in the affidavit of...*

sworn before me, this

day of

Nov

7 2007

*H. G. Schreiber*

A COMMISSIONER FOR TAKING AFFIDAVITS

Durum wheat fortified pasta served "al dente" with tomato sauce.

Approximately 240 calories and total fat 0.5g

For more information, contact:

Reto's Restaurant Systems International Inc. - Ottawa Email: rrsi@sympatico.ca

## Pasta for life

### THE RETO "al dente" PASTA MEAL

- Keeps you fit, slim, healthy and contributes to weight loss
- Goes well as a cold salad with fruit, protein, or vegetables
- Fights obesity, cancer, diabetes, depression, heart disease and birth defects
- Provides a healthy energy boost. Athletes who need a steady release of energy eat a pasta meal before an event
- At lunch, keeps you fit and lively
- At dinner, it is the best basis for a good sleep
- At all times, it stimulates your taste buds and fuels your muscles, brain and central nervous system
- Scientists confirm healthfulness of pasta as good carbohydrate. Scientific Consensus Statement, agreed in Rome, February 18, 2004 (Oldways)

### "THE RETO SYSTEM"

- 1 The Reto brand enriched Pasta is produced from 100% Durum Wheat Semolina.
  - Ingredients: semolina, niacin, ferrous lactate (iron), thiamin mononitrate (vitamin B1) and riboflavin (vitamin B2), folic acid.
  - No sodium, no cholesterol. Low Glycemic Index (GI) value.
- 2 Served with tomato sauce which is rich in lycopene, it is one of the most effective antioxidants. Many studies have shown that it may reduce the risk of several cancers, heart diseases and other health problems.

# RETO

**Chefs**  
in the City

### OBESITY ON TRIAL

The George Brown Chef School has agreed to participate with Reto's Restaurant Systems International in a demonstration project to provide Reto's durum wheat semolina pasta to our students. This partnership is an opportunity to provide and promote healthy food choices in schools. Special culinary sauces for the demonstration project will be prepared by the George Brown Chef School. These sauces will be the result of a half day cooking competition for second year Culinary Management students.

The first priority of the project is to help schools promote healthy eating by providing nutritious pasta meals at lunch. Offering students healthy foods at school is an important strategy in teaching lifelong healthy eating habits.



KARLHEINZ SCHREIBER

102 BLOOR STREET WEST, SUITE 511  
TORONTO, ON M5S 1M8

TELEPHONE 416 578 4822  
TELEFAX 416 935 1418  
schreiberbel@aol.com

**Private and Confidential**

The Right Hon. Brian Mulroney P.C., LL. D.

47 Forden Crescent  
Westmount, Quebec  
H3Y 2Y5

Ogilvy Renault  
Barrister & Solicitors  
1981 McGill College Avenue  
Montreal, Quebec  
H3A 3C1

This is Exhibit 18 referred to in the  
affidavit of Mr. K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
Alex Gal  
A COMMISSIONER FOR TAKING AFFIDAVITS

Att: Brian Mulroney, P.C., LL. D. (The Right Honourable)

WITHOUT PREJUDICE

Toronto, February 20, 2007

RE: Return of \$ 300,000.00 cash payments plus 5% interest from January 1, 1995  
until February 28, 2005 \$ 185,000.00 (Total amount \$ 485,000.00)

Dear Brian,

Unfortunately, nothing came of our plans as discussed during our meetings in 1993 and 1994. Meanwhile events have unfolded that brought us considerable public embarrassment, media attention and court battles, some settled, others still pending.

When we last spoke on the occasion of the dinner in honor of Mr. Peter Munk on May 23, 2000 we agreed that we would meet again after your return from Florida. But we never met. To date the only messages I received were underhanded comments as early as 1999 from Luc Lavoie, introduction by Michel Cogger to Vaha Minasian on

March 23, 2001 and more recently the publication of William Kaplan's book "The Secret Trial" and his interviews in the Globe and Mail quoting from Pat MacAdam's letter dated July 19, 2004.

The fact is you did nothing. You even ignored my letters and refused to meet with Elmer and Mike to discuss the Pasta obesity fighting program for children.

There is no foreseeable business that would warrant a payment of \$ 300,000.

Therefore, I demand the return of the funds in the amount of \$ 485,000 (fourhundredeightyfive thousand) no later than March 5, 2007, after which I will commence a civil lawsuit against you immediately.

Yours truly

A handwritten signature in black ink, appearing to be "Harold", written in a cursive style.

# BRANS, LEHUN, BALDWIN LLP

Barristers, Solicitors and Attorneys

Counsel: Richard E. Anka, Q.C.  
Wayne P. Cipollone

Thomas C.H. Baldwin, Q.C.    William M. Lehun  
Derinis M. Brans\*            Jeffrey A. Halmon  
Alexander C. Sennecke        Evan L. Tingley  
Mati E. Pajo

\*Aho of the New York Bar

Suite 2401  
Richmond Adelaide Centre  
120 Adelaide Street West  
Toronto, Canada M5H 1T1

Telephone            (416) 601-1040  
Facsimile            (416) 601-0655

Writer's Direct Dial    (416) 601-1852  
etingley@lbcnlaw.com

March 14, 2007  
File No: 4146-04

## PRIVATE & CONFIDENTIAL

The Right Honourable Brian Mulroney  
47 Forden Crescent  
Westmount, Quebec  
H3Y 2Y5

The Right Honourable Brian Mulroney  
Ogilvy, Renault LLP  
Barristers and Solicitors  
1981 McGill College Avenue  
Montreal, Quebec. H3A 3C1

Dear Mr. Mulroney:

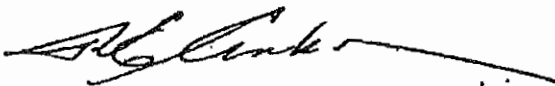
Re: **Karlheinz Schreiber**

Please be advised that I have been retained as counsel by Mr. Schreiber in connection with the contents of his correspondence dated February 20, 2007, a copy of which is enclosed, to which he has not been favoured with the courtesy of a reply.

I am instructed to commence legal action against you in the Ontario Superior Court of Justice for recovery of the moneys owing [\$300,000.00 plus interest] unless payment in full is received within 7 days of the date of this correspondence. If payment is not received as aforesaid, a Statement of Claim will be issued and served without further notice to you.

Yours very truly,

**BRANS, LEHUN, BALDWIN LLP**



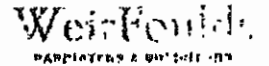
Richard E. Anka, Q.C.

Enclosure: (1) Copy of Mr. Schreiber's correspondence dated February 20<sup>th</sup>, 2007.  
c.c.: Mr. Karlheinz Schreiber

This is Exhibit 19 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov, 2007  
[Signature]  
A COMMISSIONER FOR TAKING AFFIDAVITS

b.c.c.: Evan L. Tingley, Alexander C. Sennecke (Hand Delivered)

Kenneth Prehogan  
E-mail prehogan@weirfoulds.com  
Direct Line 416-947-5028  
File 08961.00001



March 20, 2007

VIA FACSIMILE

Mr. RICHARD E. ANKA, Q.C.  
Brans, Lehm, Baldwin LLP  
Suite 2401  
Richmond Adelaide Centre  
120 Adelaide Street West  
Toronto, ON M5H 1T1

Dear Mr. Anka:

Re: **Karlheinz Schreiber**

We represent The Right Honourable Brian Mulroney. Your letter of March 14, 2007 has been referred to us for attention and reply.

Mr. Mulroney denies that he owes any money to Mr. Schreiber. We have instructions to accept service of your initiating process on Mr. Mulroney's behalf.

Yours truly,  
  
Kenneth Prehogan

KP/1  
963689.1

This is Exhibit 20 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
  
A COMMISSIONER FOR TAKING AFFIDAVITS

The Exchange Tower, Suite 1600  
P.O. Box 483, 130 King Street West  
Toronto, Ontario, Canada M5X 1J5

Telephone 416-365-1110  
Facsimile 416-365-1876  
Website www.weirfoulds.com

**BRANS, LEHUN, BALDWIN LLP**

Barristers, Solicitors and Attorneys

Counsel: Richard E. Anka, Q.C.  
Wayne P. CipolloneThomas C.H. Baldwin, Q.C.  
Dennis M. Brans\*  
Alexander C. Serunecke  
Mati E. PajoWilliam M. Lehun  
Jeffrey A. Halman  
Evan L. TingleySuite 2401  
Richmond Adelaide Centre  
120 Adelaide Street West  
Toronto, Canada M5H 1T1Telephone (416) 601-1040  
Facsimile (416) 601-0655Writer's Direct Dial (416) 601-1852  
etingley@blbcdnlaw.comMarch 22, 2007  
File No: 4146-04

\*Also of the New York Bar

**VIA OVERNIGHT COURIER**Attention: Mr. Kenneth Prehogan  
Weir, Foulds LLP  
Barristers and Solicitors  
The Exchange Tower, Suite 1600  
P.O. Box 480, 130 King Street West  
Toronto, Ontario  
M5X 1J5Re: Karlheinz Schreiber v. Brian Mulroney  
Court File No.: 07-CV-329949 PD3This is Exhibit 21 returned to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
K. Schreiber  
A COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. Prehogan:

I enclose two copies of the Statement of Claim as issued and filed with the court today. Kindly endorse your acceptance of service on the back page and return the original to me at your earliest convenience. I also enclose a Jury Notice served in accordance with the *Rules of Civil Procedure*.

I look forward to receiving your Statement of Defence within the time prescribed by the Rules.

Yours very truly,

**BRANS, LEHUN, BALDWIN LLP**

Richard E. Anka, Q.C.

REA:smb

Enclosures: (3) Copies [2] of the issued and entered Statement of Claim  
Jury Notice [1]

Kenneth Prehogan

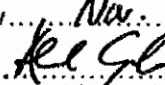
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 Direct Line 416-947-5028  
 File 08961.00001

**WeirFoulds**  
L.L.P.  
 BARRISTERS & SOLICITORS

March 26, 2007

**VIA COURIER**

**MR. RICHARD E. ANKA, Q.C.**  
 Brans, Lehn, Baldwin LLP  
 Suite 2401  
 Richmond Adelaide Centre  
 120 Adelaide Street West  
 Toronto, ON M5H 1T1

This is Exhibit 22 referred to in the  
 affidavit of K. Schreiber  
 sworn before me, this 7  
 day of Nov. 2007  
  
 A COMMISSIONER FOR TAKING AFFIDAVITS

Dear Mr. Anka:

**Re: Karlheinz Schreiber**

I acknowledge receipt of your correspondence delivered last Friday which enclosed the original and a copy of your client's Statement of Claim as well as a Jury Notice.

It is abundantly clear from reading of the Statement of Claim that this matter has no connection whatsoever to the Province of Ontario and that Ontario courts have no jurisdiction to hear this case. My instructions to accept service were based on the belief that the claim being asserted was one which was properly brought within Ontario. That is not the case. Prior to your letter, my client and I had not seen the Statement of Claim. Because of the nature of the claim as disclosed in the Statement of Claim, I am now instructed to not accept service and return these documents to you.

In your letter of March 21, 2007, you say I undertook to accept service on Mr. Mulroney's behalf. That is untrue. My letter of March 20, 2007 contains no such undertaking.

If Mr. Schreiber is intent on continuing with these proceedings, we will cooperate with you to arrange for personal service on Mr. Mulroney in Quebec. This can be accomplished this week. We extend this courtesy on the condition that Mr. Mulroney's and his family's privacy be respected, that Mr. Schreiber not be present when service taken place, and that no member of the press be notified or in attendance when Mr. Mulroney is served. By extending this courtesy, Mr. Mulroney does not waive any of his rights.

Yours truly,

  
 Kenneth Prehogan

Enclosures  
 KP/ll  
 964906.1

The Exchange Tower, Suite 1600  
 P.O. Box 480, 130 King Street West  
 Toronto, Ontario, Canada M5X 1J5

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 Facsimile 416-365-1876  
 Website www.weirfoulds.com

KARLHEINZ SCHREIBER

7 BITTERN COURT, ROCKCLIFFE PARK  
OTTAWA, CANADA K1L 8K9

TELEPHONE 613 748 7330  
FACSIMILE 613 748 9697  
schreiberbarbel@aol.com

The Right Hon. Brian Mulroney, P.C., LL.D.  
47 Forde Crescent

Per Fax 1 514 369 9393

Westmount, Quebec  
H3Y 2Y5

Ottawa, April 14, 2007

**Subject: Return of \$ 300,000,00 cash payments.**

Dear Brian,

On March 20, 2007 your lawyer Kenneth Prehogan sent a letter to my Lawyer Richard Anka Q.C.

He wrote: "*Mr. Mulroney denies that he owes any money to Mr. Schreiber.*"

I have a different understanding and I recommend that you will ask your friend Fred Doucet helping you to refresh your memory concerning the money and what it was for.

He will be a witness anyway.

Yours truly,

This is Exhibit 23 referred to in the  
affidavit of K. Schreiber  
sworn before me, this 7  
day of Nov. 2007  
Alexandre Gauthier  
A COMMISSIONER FOR TAKING AFFIDAVITS



BETWEEN:

KARLHEINZ SCHREIBER

- and -

BRIAN MULRONEY

---

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

---

**AFFIDAVIT OF  
KARLHEINZ SCHREIBER  
DATED NOVEMBER, 2007**

---

**BALDWIN ANKA SENNECKE HALMAN LLP**

Barristers & Solicitors

Suite 900

Victoria Tower

25 Adelaide Street East

Toronto, Ontario

M5C 3A1

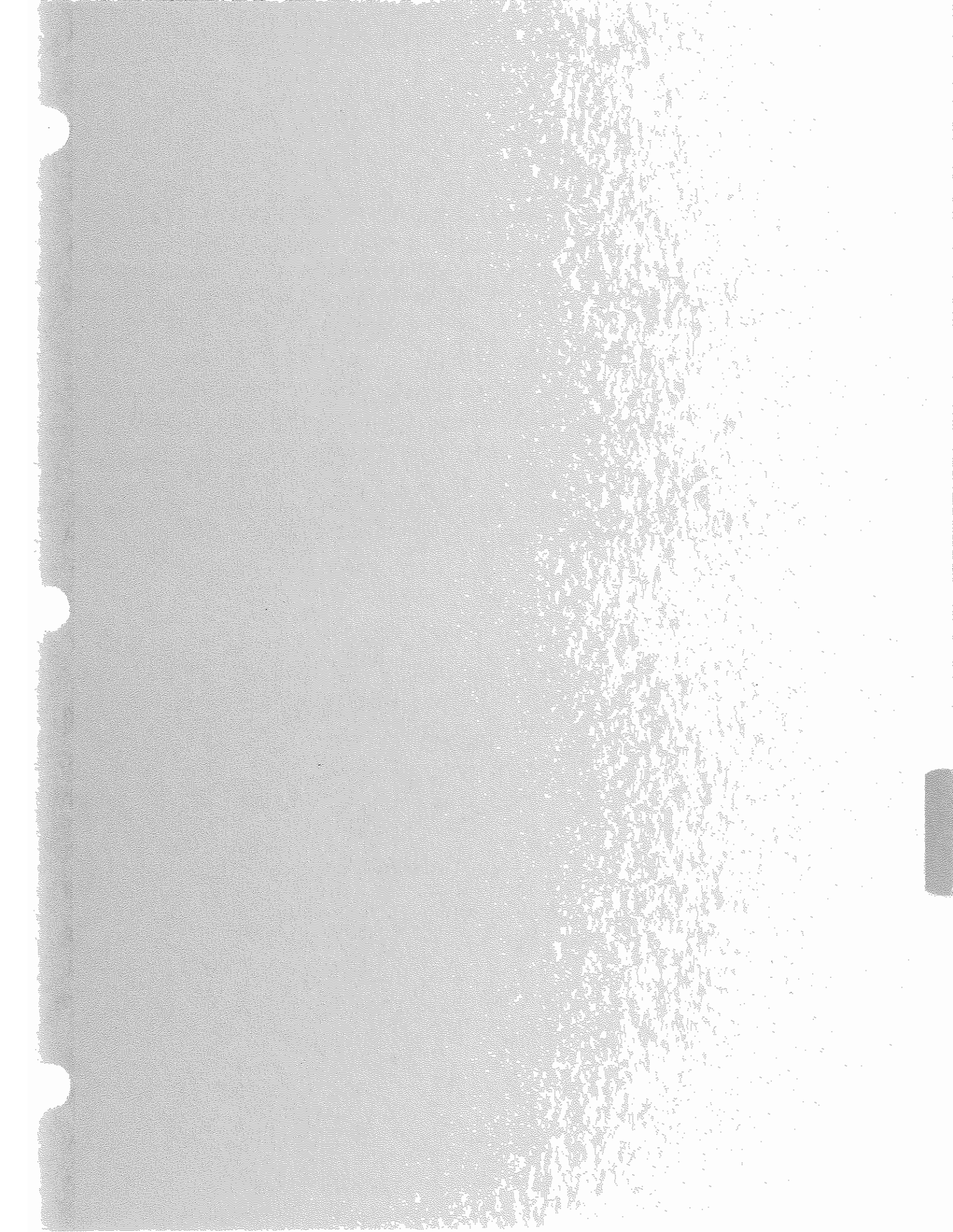
**Richard E. Anka, Q.C.**

LSUC No. 109959E

(416) 601-1030

Fax (416) 601-0655

Solicitors for the Plaintiff



## **H & K Communications**

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**SOURCE: CBC NEWSWORLD**  
**DATE: DECEMBER 15, 2007**  
**REFERENCE: 1512DOC1**

**PROGRAM: MANSBRIDGE ONE ON ONE**  
**TIME: 21:30**  
**LENGTH: 22 MINUTES**

### **INTERVIEW: KARLHEINZ SCHREIBER**

PETER MANSBRIDGE (Host): He's had them talking and gawking on Parliament Hill for weeks. He says he came to inform them, but in the end, many say he just confused them. This week, we take our turn as he sits down as our guest. Hello, I'm Peter Mansbridge, One on One this week with Karlheinz Schreiber. It's been quite a last couple of weeks for you and for Canadians, and I'm sure there aren't many Canadians who don't know who you are right now. But they may still be wondering what it is you're trying to tell them in terms of the greatest scandal in Canadian political history. What is it? What is the greatest scandal, because most scandals, as you know, can be described in a sentence. What's the scandal?

KARLHEINZ SCHREIBER: It is, it is more or less the, the payback for help to come to power and then the interest to make big money. This is how it was in, in small worlds. Brian Mulroney became prime minister and Frank Moores got the business (inaudible) GCI.

---

MANSBRIDGE: Now, Frank Moores was the lobbyist, GCI  
the company.

SCHREIBER: Yes. Yeah.

MANSBRIDGE: Did he do something wrong? I mean that's  
his job.

SCHREIBER: No.

MANSBRIDGE: He was a lobbyist.

SCHREIBER: No. Yes.

MANSBRIDGE: He made a lot of money.

SCHREIBER: Yes.

MANSBRIDGE: You paid him millions of dollars.

SCHREIBER: Not me. The international companies.

MANSBRIDGE: But through you.

SCHREIBER: I controlled it, yeah.

MANSBRIDGE: But it does open the door to me trying to  
understand what your relationship is...

SCHREIBER: Yes.

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MANSBRIDGE: ...or was with Brian Mulroney. You know, I've seen him inscribed on a picture, to my friend, Karlheinz. But you know and I know that political leaders and prime ministers and presidents write that on thousands of pictures. Right?

SCHREIBER: Yeah.

MANSBRIDGE: Was he really your friend? I mean he says he only met you a couple of times.

SCHREIBER: Yeah, we met quite often and I have quite a few photos from him. This photo was special in so far because it's a photo which is in the house and he told me about it and he said with gratitude. So that was related to the meeting at Harrington Lake. My friend. I have a different understand what friendship is. Friendship you can really trust somebody when you go in the dark (inaudible...) you must not turn around. No, never came, we never came that close.

MANSBRIDGE: Would you have met, I mean you met at Harrington Lake.

SCHREIBER: Yes.

MANSBRIDGE: Nobody seems to deny that. You met in at least three hotel rooms.

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SCHREIBER: Yes.

MANSBRIDGE: Which we'll talk about in a minute. Nobody denies that. Today you talked about having breakfast with him at 24 Sussex Drive.

SCHREIBER: Yes.

MANSBRIDGE: Along with Elmer MacKay.

SCHREIBER: Yes.

MANSBRIDGE: A former minister in his government and a good friend of yours. Were there, were there other meetings?

SCHREIBER: Many, many.

MANSBRIDGE: Where? In offices? Did you meet in the Prime Minister's Office?

SCHREIBER: Yes.

MANSBRIDGE: On Parliament Hill?

SCHREIBER: Yes.

MANSBRIDGE: In the Langevin Block?

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SCHREIBER: Quite often, (inaudible), his office. But we had a lot of meetings before that Peter, Mr. Mansbridge, in the early eighties at the Ritz Carlton. His office was across the street.

MANSBRIDGE: This was before he was the leader?

SCHREIBER: Yeah. This is when it was all discussed and I was involved.

MANSBRIDGE: What was all discussed?

SCHREIBER: It was discussed that he should become the prime minister. And there was Frank Moores, the president of the party. There was Walter Wolf, who brought me there. He was the fundraiser. Gary Ouelett. All these people are not mentioned in his book by the way. So, that was, and Frank Moores was really the one who organized the situation. You'll recall then that Mulroney is better than Joe Clark.

MANSBRIDGE: Why were you sitting there? You're, you're representing a variety of arms firms. Were you looking at it as a future potential business, or did you actually think, wow, this guy is great, he'd make a great prime minister?

SCHREIBER: First of all...

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MANSBRIDGE: You'd just become a Canadian.

SCHREIBER: First of all, I never represented arms firms. That's number one. Thyssen was the exception on the request of the Canadian government. But I was asked from Mr. Strauss to go to Canada and support the Conservatives, which I have done around the world quite often by helping them win in an election and bringing - there is a foundation. It's called the Hanns Seidel Foundation and we have a substantial amount of money. And I had done the (inaudible) and I (inaudible) to Central America. I was involved in the whole Nicaragua crisis and all these things. So...

MANSBRIDGE: So you're used to travelling around the world with a suitcase full of cash.

SCHREIBER: Yes, when I brought it for political purposes.

MANSBRIDGE: And did you see anything wrong with that? Was there anything illegal with that?

SCHREIBER: No.

MANSBRIDGE: Not at that time.

SCHREIBER: It was from one political party to another political party support. I think even today they can do this.

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MANSBRIDGE: Did Mr. Mulroney know, as far as you're concerned, that that's why you were there, to bring cash to (inaudible)?

SCHREIBER: I don't know, I don't know what Walter Wolf told him. But I am convinced, with Michel Cogger as well, they were aware that, and through Frank Moores, that I was supporting (inaudible) from the German side and that the Strauss family was also behind. And we bought property from Moores to enable him to have his own cash ready to help Mulroney with the aim everybody gets something. I mean, (inaudible) went to the PMO. Doucet went to the PMO. Others, like Bob Coates, became ministers. And Mr. Moores had decided he was to have the lobbying business. He wants to make money. So when this was clear, this is what he would get if Brian Mulroney would become prime minister.

MANSBRIDGE: So when he did become prime minister, did, did you feel like you'd won the jackpot, that there was, there were real possibilities here now for the firms you represented and the sales you wanted to make?

SCHREIBER: Yeah. It was, it was a two-side (inaudible). The, the government – and that was the first understanding on my side, and this is why the government finally approached everybody in Europe is they want the jobs and they wanted success. And jobs come only from industrial contracts. From what else? At the same time to look for potential business in Canada, yes, sure. Do both.

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MANSBRIDGE: If you were travelling the world and now making stops in Canada with a suitcase full of cash, ...

SCHREIBER: Yes.

MANSBRIDGE: ...that word kind of gets around.

SCHREIBER: But that was nothing new for me.

MANSBRIDGE: No, I'm not saying it was something new. But if the word gets around here...

SCHREIBER: Yeah.

MANSBRIDGE: Did people come to you looking for cash?

SCHREIBER: Sure.

MANSBRIDGE: Who?

SCHREIBER: The party, Frank Moores, Wolf. Everybody wanted support to get Mulroney elected. This has to be financed.

MANSBRIDGE: No, I'm talking about after he was elected.

SCHREIBER: After he was elected.

MANSBRIDGE: When the product of all the work done by people like you and Moores and others to get him elected, Mulroney, did people

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come to you thinking that somehow you were now going to be able to help them in some fashion or another?

SCHREIBER: Well, well, this happened...

MANSBRIDGE: Whether it was contributions or....

SCHREIBER: This happened once in a while. I mean, we also had our, our fundraising dinners and donations. And then once in a while, especially like Michel Cogger, he was in trouble and then I was asked by Frank Moores and Brian Mulroney to help him through. I asked him to send the bill to my company and gave him, gave him 25,000 dollars. Yes, favours like this happened.

MANSBRIDGE: Lots more to talk about. We'll be back, One on One, with Karlheinz Schreiber right after this.

\*\*\*\*COMMERCIAL BREAK\*\*\*\*

MANSBRIDGE: And we're back, One on One, with Karlheinz Schreiber. Let me get to this issue of the three meetings with Brian Mulroney and the cash. Have you been following the Conrad Black story? Have you had an opportunity to sort of watch any of that, read any of that?

SCHREIBER: Not too many. It was so much and I'm so busy with my stuff.

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MANSBRIDGE: Well, the one thing that everybody understood in the Conrad Black trial, or at least they thought they understood, were pictures when they saw Conrad Black on a security camera taking files out. Right? Everybody understood that and they felt it was wrong. Right?

SCHREIBER: Yes.

MANSBRIDGE: In your story and Brian Mulroney, the thing everybody understands, because neither of you dispute this, that you handed him an envelope three times.

SCHREIBER: Yes.

MANSBRIDGE: With a thousand, or 100 thousand dollar bills.

SCHREIBER: Yes.

MANSBRIDGE: How thick is that? Is it that thick?

SCHREIBER: Not too much. The problem with them is to get rid of them in Canada. It's a huge problem.

MANSBRIDGE: Okay. Well, we'll get to that. But they understand this image. They have this image of you giving a former prime minister...

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SCHREIBER: Yes.

MANSBRIDGE: ...in one case, still a sitting MP in the first time...

SCHREIBER: Yeah.

MANSBRIDGE: ...a hundred thousand dollars cash.

SCHREIBER: Yeah.

MANSBRIDGE: And they think that's wrong. Is there anything wrong with him taking that money?

SCHREIBER: Well, in my opinion, no.

MANSBRIDGE: Because?

SCHREIBER: Not overall. Because at the time, when we chatted at Lake Harrington, and I said today, I mean I could hate Mulroney down to my bones, I wouldn't say something which isn't true. It was not clear what he was doing, how he was doing, he goes back to his law firm, he will be a lobbyist, whatever. So, but at the moment I knew from Fred Doucet, and especially from Elmer MacKay, that there was a terrible need for money because you may recall Mulroney sold the furniture from the government and they had to bring it back.

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MANSBRIDGE: Did he say at that meeting that he needed money?

SCHREIBER: No. He had nothing, I would not have raised it to give an embarrassment, because it was all discussed between Fred Doucet and myself.

MANSBRIDGE: How long was that? That was the first meeting when cash changed hands. It was a meeting while he was still prime minister.

SCHREIBER: Yes.

MANSBRIDGE: This was a day or two before you actually sat down.

SCHREIBER: Yeah.

MANSBRIDGE: How long did that meeting last at Harrington Lake?

SCHREIBER: Perhaps two-and-a-half hours.

MANSBRIDGE: Two-and-a-half hours.

SCHREIBER: Yeah.

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MANSBRIDGE: What did you talk about?

SCHREIBER: About what he would do, what the children do, what I do, what the project is. I mean...

MANSBRIDGE: And at no time did you discuss how much money you would pay him to help...

SCHREIBER: No.

MANSBRIDGE: ...lobby....

SCHREIBER: No.

MANSBRIDGE: ....on the Bear Head project?

SCHREIBER: No. And he said, well, when Kim Campbell becomes the next prime minister I am in, in, in Montreal, in Quebec, in Montreal East and (inaudible) jobs much easier than in Nova Scotia for me. I can help a lot.

MANSBRIDGE: Okay. Stop there, because that, you know, I don't get that. I don't understand why you would think he could help you on a project while he was no longer prime minister, when as prime minister he didn't help you on the project. Like, why did you think he could help you then if he didn't approve it when he was prime minister?

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SCHREIBER: Yeah, but, but the point was always that I always learned from him that (inaudible) Liberals, like Paul Tellier and Fowler and those guys against the project. He would love to do it.

MANSBRIDGE: Yeah. He was the prime minister.

SCHREIBER: And he had a majority government. This is the same question Franz Josef Strauss asked me. But, Elmer MacKay and I, Mr. Mansbridge, I can tell you when even we went to the Atlantic (inaudible) and celebrated because he told me, today cabinet, absolutely now the ACOA project goes ahead. I had no reason to believe that anything would go wrong.

MANSBRIDGE: Okay. But it didn't happen while he was prime minister.

SCHREIBER: Didn't happen.

MANSBRIDGE: Then Kim Campbell loses the prime ministership.

SCHREIBER: Yeah.

MANSBRIDGE: The Liberals are in power.

SCHREIBER: Yeah.

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MANSBRIDGE: They're cancelling contracts that the Tories made.

SCHREIBER: Yeah.

MANSBRIDGE: The helicopter one, right way. Like, day one, Chretien marches down and cancels it.

SCHREIBER: Yeah.

MANSBRIDGE: But you meet again with Mulroney.

SCHREIBER: Yes.

MANSBRIDGE: Give him a hundred thousand dollars, a second instalment.

SCHREIBER: Yes.

MANSBRIDGE: A hundred thousand dollars cash.

SCHREIBER: Yes, in December.

MANSBRIDGE: Because he's going to help you.

SCHREIBER: Yes.

MANSBRIDGE: His government, his party's not in power. He didn't deal with the project when it was, when he was in power. And now the

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Liberals, who don't want anything to do with Tory contracts, are in power, and you're still giving him money.

SCHREIBER: Yeah. And in, in...

MANSBRIDGE: Why?

SCHREIBER: And '94 again. Because I thought that there could be use for Brian Mulroney, as he is doing today, lobbying very successfully with all these big companies.

MANSBRIDGE: I want to get back to this idea of the giving out of the cash, because it still is, the image is the thing that Canadians have. They can't shake it.

SCHREIBER: Yeah.

MANSBRIDGE: Now, you seem to not have a problem with this.

SCHREIBER: No.

MANSBRIDGE: The idea of giving cash.

SCHREIBER: We never had.

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MANSBRIDGE: You know, did, did you give cash in envelopes to other politicians, or former politicians, or senior bureaucrats, or former senior bureaucrats in this country at any time before you started giving it to Brian Mulroney?

SCHREIBER: No.

MANSBRIDGE: Well, then why, why was it cash?

SCHREIBER: Because the cash was there in that account.

There was...

MANSBRIDGE: This is the account in...

SCHREIBER: Switzerland.

MANSBRIDGE: Switzerland. So you give him an envelope with cash.

SCHREIBER: Yeah.

MANSBRIDGE: And what does he do?

SCHREIBER: Thank you.

MANSBRIDGE: Puts it in his pocket or puts it in his briefcase?

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SCHREIBER: Yeah. Thank you. And it depends, his pocket or his brief, no, his briefcase. (Inaudible) briefcase.

MANSBRIDGE: Did he have any idea what was in the envelope?

SCHREIBER: Sure. I told him, the first hundred thousand. We have 500,000 (inaudible)...

MANSBRIDGE: Did you tell him it was cash?

SCHREIBER: Sure. It was not, it was not sealed. You could see it. It was open.

MANSBRIDGE: But did he look at it?

SCHREIBER: Sure.

MANSBRIDGE: He opened the envelope.

SCHREIBER: But he didn't count it. I said that is what it is and bingo. Mr. Mansbridge, I have to tell you something. At that time, and even today, we have a different relationship to cash in Europe than you have here. The credit cards are not that common. People don't like too much. People see it and then they have to, people have to pay eight percent or five percent. You get a much

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better bargain when you pay cash, and you don't want to know that everybody knows what you buy. Cash is, when I was (inaudible)....

MANSBRIDGE: Thousand dollar bills in North America. You were not, you didn't just arrive in North America that week. You'd been living here for years.

SCHREIBER: Yeah.

MANSBRIDGE: Was he not going to, like, what did you think he was going to do with thousand dollar bills?

SCHREIBER: Who?

MANSBRIDGE: Mulroney.

SCHREIBER: It's his problem, not mine. I can, do you think I can bring hundred thousand dollars in twenty dollar bills? I would need a work sack.

MANSBRIDGE: But why didn't you just cut him a cheque?

SCHREIBER: There is no cheque at that account.

MANSBRIDGE: You could get a bank transfer.

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SCHREIBER: Well, I could have put the money in my account, my personal account and give him a cheque from there.

MANSBRIDGE: But why wouldn't you have done that?

SCHREIBER: Because I took the money from the account where it was.

MANSBRIDGE: But I guess the issue is, was this supposed to be money that nobody was ever going to know about? Did you think that when you gave it to him?

SCHREIBER: No, and I will tell you why. I expected him to give me somehow an idea. I will send you a bill or receive or tell me for what company it should be. It would have been really....

MANSBRIDGE: Did you ask him for that?

SCHREIBER: No.

MANSBRIDGE: Why not?

SCHREIBER: Because I met him then and I met him a time later and nothing happened. So I said, okay, (inaudible) organize himself. I didn't know whether it was Mr. Mulrone private or it was his company. And there was another risk you should look at this. If he would not have said that he received this

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money from me, I could not have proven that he received the money. But this is in that world. It's not proof for anything. I mean, when you...

MANSBRIDGE: But that's the world that I'm asking you about.

SCHREIBER: Yeah, but when...

MANSBRIDGE: And it makes it sound like you're dealing in cash, you didn't want any record of it and he didn't want any record of it.

SCHREIBER: I didn't care.

MANSBRIDGE: You didn't care?

SCHREIBER: No.

MANSBRIDGE: Well, whose money was it at that moment?

SCHREIBER: My money.

MANSBRIDGE: It was your money Thyssen had given you...

SCHREIBER: Yes.

MANSBRIDGE: To do what?

SCHREIBER: To push the Bear Head project.

MANSBRIDGE: Push.

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SCHREIBER: Yeah, and work for the Bear Head project.

MANSBRIDGE: So after three meetings...

SCHREIBER: Yeah.

MANSBRIDGE: ...you decided he's not doing anything.

SCHREIBER: Well, first of all, in 1995 (inaudible) with a letter of request and all this came out and we were on the phone quite often.

MANSBRIDGE: When you were on the phone in '95 when the letter came out...

SCHREIBER: Yeah.

MANSBRIDGE: ...did you say, what about those three 100,000 dollar payments?

SCHREIBER: Not at all.

MANSBRIDGE: Never mentioned.

SCHREIBER: Never mentioned. This is why I said in my letter I never got it. You couldn't speak about the (inaudible). When he was poor, when sold the furniture and he would have said, like some people...

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MANSBRIDGE: Do you think he was poor? Do you really think he was poor?

SCHREIBER: Let's, let's take it that way. He sold the furniture. The appearance was he's poor, he has no money. He needed badly help. So now they ask Karlheinz to help. And he comes up with an idea to help in the future. And he would have said yes, I needed money so badly, I was so happy that Mr. Schreiber, arranged by Fred Doucet, helped me. Unfortunately, I couldn't do nothing for him because Kim Campbell did not win the election because I intended to work with him and for him for that project. In my understanding and opinion, even today, what would have been wrong with that? I don't get it. The only thing what you can say is, why was it cash? Because it was cash there and all the money which was there was designed in cash, sitting there (inaudible). And from there, it was transferred quite often to other companies.

MANSBRIDGE: The thing that's wrong with it, one was there were, there were rules against former politicians lobbying for anything for the two years after they left office, rules that the Mulroney government had put in themselves. That's one.

SCHREIBER: Yeah. I didn't know by the way.

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MANSBRIDGE: Two, on the cash, because it ends looking like it was cash to get around that rule. So there was no record. There was no invoice. There were no receipts. There was no nothing. It was, here's the money. You do what you have to do and hopefully we can get that contract, because you told me, you just told me you never recall ever paying anybody cash in an envelope for anything else previous to that. So it was an unusual moment.

SCHREIBER: You speak here in this country.

MANSBRIDGE: That's right, here in Canada.

SCHREIBER: You talk about this country. Yeah.

MANSBRIDGE: Right.

SCHREIBER: There was no need for anything. Nobody asked me (inaudible).

MANSBRIDGE: But there was a need that day.

SCHREIBER: Yeah.

MANSBRIDGE: And you decided that all on your own that it should be cash. Nobody suggested to you it should be cash.

SCHREIBER: No. I took it from there. I took it from there and brought it and that's it. I didn't even think about it.

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MANSBRIDGE: Well, we've got to take one last break. But we'll be back for final thoughts, One on One, with Karlheinz Schreiber right after this.

\*\*\*\*COMMERCIAL BREAK\*\*\*\*

MANSBRIDGE: And we're back for final thoughts with Karlheinz Schreiber. How can anybody get to the bottom of all this if in fact there was something? You know, as you say, you don't know there was something wrong.

SCHREIBER: Mr. Mansbridge.

MANSBRIDGE: You suspect there might be.

SCHREIBER: Mr. Mansbridge, may I, may I say something very funny.

MANSBRIDGE: Yeah.

SCHREIBER: Bill Clinton.

MANSBRIDGE: Bill Clinton?

SCHREIBER: And Monica Lewinsky. If they both would have kept their mouth shut, who would have known? This is what it is. Brian Mulroney,

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if he would have said, Schreiber is nuts, he never gave me any money, how could I (inaudible)? There was no receipt. There was no wire. There was no cheque.

MANSBRIDGE: Were you surprised when he, when he agreed?

SCHREIBER: Not really, because as I said in my letter to him, why didn't you tell the truth from the beginning? I mean, there was nothing to hide. He made it so complicated, so crazy and so nasty by first saying nothing, denying, coming out with false statements in his settlement thing, and then inventing all kinds of stories (inaudible) whatsoever. I don't get it. Why? What is it? And this is exactly the point why I asked for an inquiry. I have certain ideas what went on, because when I see what's going on today, it is pretty clear what happened then. And I think an inquiry, when people have to testify under oath, we will have a different ball game. And I am, as I said to you earlier, I have no problem each and every place to take a polygraph. Let's see whether the others are prepared to do the same.

MANSBRIDGE: Do you think there will be a day ever when Canadians understand everything that happened here?

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SCHREIBER: A great, a great part, yes. A great part, yes. Canadians will even understand that there will be always a couple of places where they cannot find an answer, because there is no answer available.

MANSBRIDGE: We're going to have to leave it at that. You've been a very interesting guest and I really appreciate you spending some time with us. Thanks very much.

SCHREIBER: Thank you so much.

MANSBRIDGE: And thank you too. We'll be back, One on One, in seven days.

\*\*\*\*\*

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Mr. Paul Szabo, M.P.  
Chair, Standing Committee on Access to Information, Privacy and Ethics  
Confederation Building  
House of Commons  
Room 175  
Ottawa, Ontario K1A 0A6

Ottawa, February 3, 2008

**Subject: Testimony, Dec.13. 2007 of the Right Honourable Brian Mulroney**

**National Post, Dec. 13. 2007: Mulroney says Schreiber credibility destroyed, no need for inquiry (document attached)**

Dear Mr. Szabo:

Please accept the following as part of my testimony under oath in front of the Standing Committee on Access to Information and Ethics.

On December 14, 2007 the Globe & Mail published Poll Results:  
Whose testimony to the Commons ethics do you find more credible?  
Karlheinz Schreiber's 84% 23127 votes.  
Brian Mulroney's 16% 4287 votes. (document attached)  
An other Poll of the same day shows that 65% of the voters have no faith in the Canadian justice system.(document attached)

I very much believe this result is an obligation for me not to disappoint the confidence of the Canadian voters.

Since my attendance before the Committee is postponed, I take the liberty to send you a copy of the transcript of Mr. Mulroney's testimony which presents a remarkable

competition to Baron Muenchhausen's Narrative of his Marvelous Travels and Campaigns in Russia. (document attached). The two gentlemen share the same initials: "B.M.", but Baron Muenchhausen did not face the risk of criminal charges related to his international travels and activities.

In the transcript of Mr .Mulroney's testimony are only the most potential lies highlighted in yellow color. I will deal with them during my next attendance before the Ethic Committee. The statements, highlighted in grey, carry illegal and criminal activities which may lead to criminal investigations in Canada and Germany.

I told the Committee why I have asked The Right Honourable Stephen Harper, Prime Minister of Canada and his Advisor, The Right Honourable Brian Mulroney to call a public inquiry into the "Airbus" affair and the "Political Justice Scandal.

I was still waiting for some surprising answers related to these cases.

The desperate illegal and criminal efforts of the Honourable Robert Nicholson, Minister of Justice and Attorney General of Canada, with the backup of the Prime Minister, to shut me up and have me extradited as soon as possible must be based on other reasons than the payment of \$300.000.00 to Brian Mulroney.  
( Prof. Michael Byers: "Extraditing him now violates international law" article attached)

The constant support of the Prime Minister to protect his important advisor Brian Mulroney and the refusal of the Minister of Justice to prosecute my case under Canadian law in accordance with the Canadian /German Extradition Treaty increased my suspicion.

**Canada has no obligation to extradite a Canadian national to Germany.  
Canada has only one obligation to prosecute a Canadian national in Canada**

TREATY BETWEEN CANADA AND THE FEDERAL REPUBLIC OF GERMANY  
CONCERNING EXTRADITION

ARTICLE V

Extradition of Nationals

- (1) Neither of the Contracting Parties shall be bound to extradite its own nationals.  
(3) If a request for extradition is refused only on the ground that the person claimed is a national of the requested state, that state shall, if asked to do so by the requesting state, take all possible measures in accordance with its own law to prosecute the person claimed etc.(treaty document attached)

Germany will never extradite its nationals (Document of German Basic Law attached)



I was proven right with my suspicion and my expectations on the first day of Brian Mulroney's appearance in front of the Committee.

During the testimony of Mr .Mulroney I learnt for the first time in my life that The Right Honourable Brian Mulroney, once Prime Minister of Canada, traveled 1993 /1994 to Communist countries like Russia and China to promote the sale of armored vehicles with the most sophisticated NIAG - NATO - Technology. (Document NIAG TH 495 attached)

Neither Thyssen Henschel in Germany nor Thyssen Bear Head Industries in Canada would have ever received export permissions from their Governments with very strict laws concerning Export Controls on Military Goods to export the TH 495 to countries with Communist Governments.

At that time The Honourable Andre Ouellet was the responsible Minister of Foreign Affairs. (letter Feb.1, 1994 attached).

I never hired Brian Mulroney to promote the TH 495 Armoured Fighting Vehicle internationally.

I hired Brian Mulroney on August 27, 1993 in Mirabel, as agreed upon on June 23, 1993 at Harrington Lake, to lobby the activities of Thyssen Bear Head Industries Inc. to establish production facilities for Thyssen Bear Head Industries Inc. at the City of Montreal East, or an other place if requested by the government.

On July 12, 1993 I ordered a Swiss Bank to open an account with the codename Britan (related to the Cape Breton Thyssen Bear Head Project ) and to deposit Can \$. 500.000.00. Brian Mulroney received Can \$ 300.000.00.

Brian Mulroney did not report to me about his international activities during our meeting Dec.1994 in New York.

If he would have told me in New York, what I have learnt now from his testimony on Dec.13.2007, I would have been forced to report his illegal and criminal activities to the Canadian and German Government officials.

With his unauthorized activities Brian Mulroney put himself into the category of an illegal arms dealer and a crook.

The remaining question is: "What documents or drawings, he received when he was the Prime Minister of Canada, did he show, give or sell to the Communist Leaders?"

Imagine international Conservative leaders like Ronald Regan, George W. Bush senior, Margaret Thatcher, John Major and Joe Clark would have traveled to Russia and China after they had left office and would have offered the most sophisticated weapon systems of their countries to the Communist leaders?

What is the position of the Honourable Stephen Harper, Prime minister of Canada after he learnt about the testimony of his advisor Brian Mulroney? What did he know about the activities of Brian Mulroney and since when did he know?

Is this chapter of the "Political Justice Scandal", which came to light through the activities of the members of the Ethics Committee, one of the reasons why the Right Honourable Stephen Harper, Prime Minister of Canada and the Honourable Robert Nicholson Minister of Justice and Attorney General of Canada try everything to protect their friend, the Right Honourable Brian Mulroney by getting Karlheinz Schreiber out of the country, avoid a public inquiry and the Schreiber case in a Canadian court.

Is Brian Mulroney the reason why Prime Minister Stephen Harper can not afford to have me prosecuted in accordance with Canadian Law in a Canadian Court, like Germany is prosecuting its nationals in accordance with German law in a German court?

There seems to be the existence of a tremendous fear that Canadians could find out what happened to my family and me during the phase of a most painful experience when I followed the invitation of the Canadian Conservative government and Brian Mulroney to fulfill his election promises to create jobs, jobs, jobs, for the people in Nova Scotia and Canada. (Mulroney, Schreiber: "A tale of pals and cash" article attached, with Sinclair Stevens interview)

Unfortunately, the testimony given by Brian Mulroney before the committee proceedings is protected by the law of parliamentary privilege and can not be used in any other legal proceedings in Canada. Does the Law apply to legal proceedings in other countries?

Yours sincerely



Karlheinz Schreiber



KARLHEINZ SCHREIBER

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Mr. Paul Szabo, M.P.  
Chair, Standing Committee on Access to Information, Privacy and Ethics  
Confederation Building  
House of Commons  
Room 175  
Ottawa, Ontario K1A 0A6

Ottawa, March 3, 2008

**Subject: Testimony, Dec. 13, 2007 of the Right Honourable Brian Mulroney  
Success - Fee related to the Bear Head Project**

Dear Mr. Szabo:

Please accept the following as part of my testimony in front of the Standing Committee on Access to Information and Ethics.

I believed that the Right Honourable Brian Mulroney would accept the invitation of the Ethics Committee to appear for a second testimony and tell the truth, after he had heard my testimony.

Unfortunately he preferred cowardly not to make himself available and send spokespeople to do his talking and to announce that he is now against a public inquiry.

This leaves me now with the responsibility to clear the air for Canadians and the Ethics Committee regarding the Thyssen Bear Head project as follows:

On September 17, 1984 Brian Mulroney became the Prime Minister of Canada.

On January 8, 1985, immediately after Mr. Mulroney was elected as Prime Minister, GCI Government Consultants International was incorporated.

During the year 1985 GCI obtained through IAL International Aircraft Leasing Liechtenstein consulting agreements with:

MBB Messerschmitt - Boelkow - Blohm GmbH, Munich, Germany  
ABI Airbus Industries Toulouse, France  
THI Thyssen Industrie AG Essen, Germany

On February 3, 1986 the Hon. Frank D. Moores opened the bank accounts concerning the GCI business at the bank Schweizerischer Bankverein Zuerich, Switzerland.

The business activities between the Canadian governments MBB, ABI, THI took place during the years 1986, 1987, 1988.

On September 27, 1988 Thyssen Bear Head Industries LTD signed an UNDERSTANDING IN PRINCIPLE with the Government of Canada.

On October 20, 1988 Thyssen Industrie AG paid \$ 2 Million success fee concerning the UNDERSTANDING IN PRINCIPLE to IAL, in trust for GCI (see corroborating document attached).

**This \$2 million was divided amongst Mr. Mulroney and his friends as follows:**

On November 2, 1988 GCI (Frank Moores) deposited \$ 500 000.00 to the Swiss bank account, Codename "Frankfurt" concerning the Thyssen Bear Head project and the Right Honourable Brian Mulroney. Mr. Mulroney would know that this money was marked for him (corroborating bank document attached).

On November 15, 1988:

- GCI received \$ 250 000.00 (corroborating document attached)
- FDCI, Fred Doucet received \$ 90 000.00 (corroborating document attached)
- Doucet & Associates, Gerald Doucet \$ 90 000.00 (corroborating document attached)
- Frank D. Moores received \$ 90 000.00 (corroborating document attached)
- LEMOINE CONSULTANTS INC, Gary Ouellet received \$ 90 000.00 (corroborating document attached)

On November 21, 1988 Brian Mulroney was re-elected as Prime Minister. It is notable how the money was distributed only days before the election.

Five years later, on June 23, 1993 during the meeting at Harrington Lake the Right Honourable Brian Mulroney, then the Prime Minister of Canada told me that he would be of great help to me in relation to the Thyssen Bear Head project especially with Kim Campbell as the next Prime Minister of Canada in office.

On July 12, 1993 (after the meeting with the Right Honourable Brian Mulroney, Prime Minister of Canada, at Harrington Lake) I advised the Swiss Bank in Zurich to open a new account with the codename BRITAN (Thyssen Bear Head project / Brian Mulroney) and to transfer \$ 500 000.00 from the Frankfurt account to the Britan account (corroborating bank document attached)

On July 26, 1993 the "Britan" account received \$ 500 000.00 (corroborating bank document attached).

On July 27, 1993 I withdraw \$ 100 000.00 in cash (corroborating bank document attached). On August 27, 1993 I paid \$ 100 000.00 in cash to Brian Mulroney at the Mirabel Airport Hotel concerning future services with respect to the Thyssen Bear Head project and the establishment of production facilities in Montreal. I provided similar payments to Brian Mulroney on December 18, 1993 at the Hotel Queen Elisabeth, Montreal and at the Hotel Pierre in New York on December 8, 1994.

During the testimony of Norman Spector in front of the Ethics Committee on February 5, 2008 I learnt for the first time that Brian Mulroney, then the Prime Minister of Canada "killed" the Thyssen Bear Head Project "on December 16, 1990."

During the testimony of the Hon. Elmer MacKay and Fred Doucet I had to recognize that Brian Mulroney had not even told them that he "killed" the Bear Head project.

Brian Mulroney, then the Prime Minister of Canada made all the people which were working on the project and the companies involved believes during the years from 1990 to the end of 1993 that the project was still alive and even attended meetings with government officials concerning the Thyssen Bear Head project.

The reason for this unbelievable betrayal, fraud and lies is Mr. Mulroney's enormous greed for money. Brian Mulroney knew that he would lose the \$ 500 000.00 if it would be known that he "killed" the project. This is why he continued to perpetrate the lies that he would work on the project. This also shows how his testimony that he did "international lobbying" for Thyssen is a complete fabrication.

The point to be learned from this chronology is \$500 000.00 sat dormant in a bank account for five years from November 1988 until July 1993. In July 1993, Mr. Mulroney concocted a way to have the money dispersed to him. The only reason that such a large

amount of money would sit dormant in the account is because it was for Mr. Mulroney. He knew it, his close GCI friends, Frank Moores and Gary Ouellet knew it and I knew it.

Since Brian Mulroney never provided any service for Thyssen Bear Head Industries or me I demanded the repayment of the funds.

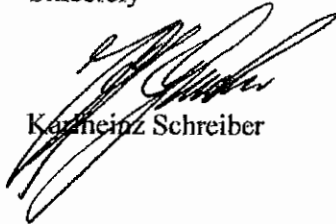
The AIRBUS business and the meeting with Brian Mulroney on Monday February 2, 1998 at the Hotel Savoy in Zuerich, Switzerland is a similar story with complexities only a Public Inquiry will uncover.

It is no surprise that Brian Mulroney and his friends, who are responsible for all my legal problems, do not want a Public Inquiry. They want to shut me up and get me out of Canada with the assistance of the RCMP and the Department of Justice of Canada.

Canadians have all the reasons to be shocked when they hear more about this scandal. Canadians will understand why I am asking for years to call a Public Inquiry.

My family and I had a wonderful life until I responded to the demands of the Right Honourable Brian Mulroney, his government and his friends.

Sincerely

A handwritten signature in black ink, appearing to read 'Karlheinz Schreiber', written over a printed name.

Karlheinz Schreiber



UNDERSTANDING IN PRINCIPLE

This document signed this 27 day of September, 1988,  
between:

THE GOVERNMENT OF CANADA, as  
represented by:

i) the Minister responsible for  
the Atlantic Canada Opportunities  
Agency (hereinafter called "the  
ACOA Minister"),

ii) the Minister of Regional  
Industrial Expansion (hereinafter  
called "the DRIE Minister"), and

iii) the Minister of National  
Defence (hereinafter called "the  
National Defence Minister); and

BEAR HEAD INDUSTRIES LTD., a  
company incorporated under the  
laws of Nova Scotia, a subsidiary  
which is one hundred (100%)  
percent owned by Thyssen  
Industries A.G. of the Federal  
Republic of Germany (hereinafter  
called "the Company").

WHEREAS the Government of Canada desires  
to foster the economic expansion and industrial  
development of Cape Breton;

WHEREAS the Company must have in place a  
North American heavy-industry manufacturing facility on  
an urgent basis, and desires to establish such a  
facility in the Bear Head peninsula region of Cape  
Breton;

WHEREAS the Government of Canada  
recognizes that the proposed Bear Head facility  
represents an important economic development and  
diversification of the industrial base of Cape Breton;  
and.



WHEREAS the Company is preparing financial details on its proposal, to meet the information requirements of the Government's established regional development capital contribution, and other assistance programs:

1. In accordance with this Understanding in Principle, the Company shall establish a diversified heavy-industry manufacturing facility in the Bear Head region of Cape Breton, Nova Scotia, which will:

(a) create in Cape Breton a new and diversified activity in the Canadian civilian and defence industrial base, with access to the North American defence markets, under the Canada U.S. Defence Production Sharing Agreement;

(b) transfer to the facility, all technology necessary for the construction of light armoured vehicles, and other heavy-industry products;

(c) source its requirements co-operatively from, and implement arrangements for joint-venture activities with, the Lavalin (UTDC) heavy-industry facility, in Trenton, Nova Scotia, in accordance with existing agreements between the Company and Lavalin;

(d) to the greatest extent possible, source its requirements from, and promote the establishment of, small business enterprises located in Atlantic Canada;

(e) implement arrangements for co-production with Krauss Maffei, in accordance with existing agreements between the Company and Krauss Maffei, if, under the Main Battle Tank project envisaged by the Government of Canada, Krauss Maffei is selected to manufacture Canada's replacement battlefield tanks; and

(f) employ a minimum of 500 people on a permanent, full-time basis and, where necessary, train these individuals in required skills and knowledge, utilizing, where appropriate, local educational facilities.

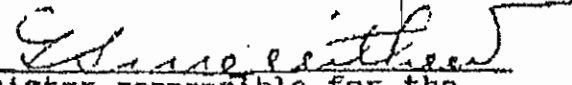
2. In accordance with this Understanding in Principle, the Government of Canada, in order to facilitate the establishment of the Company's heavy-industry manufacturing activity in Cape Breton, will:

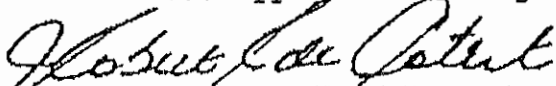
7. The understandings in principle set out in this Understanding in Principle do not create any enforceable, legal or equitable rights nor obligations, but merely serve to document the:


- (a) parameters that have been set; and
- (b) areas on which discussions have been held, and understandings in principle reached.

Further clarifying negotiations and the requisite approval from all appropriate parties (including without limiting the foregoing, Treasury Board, and the Board of Directors of Bear Head Industries Ltd.) are needed before contractual documentation can be entered into.

THE GOVERNMENT OF CANADA

  
Minister responsible for the  
Atlantic Canada Opportunities Agency

  
Minister of Regional Industrial  
Expansion

  
Minister of National Defence

BEAR HEAD INDUSTRIES LIMITED

  
Mr. Karlheinz Schreiber, Chairman

**I.A.L.** INTERNATIONAL AIRCRAFT LEASING LIMITED

FL-9490 VADUZ

Thyssen Industrie AG  
Am Thyssenhaus 1

D-4300 Essen 1

GP

4. Oktober 1988

RECHNUNG

Für Beratung im Zusammenhang mit Ihrem  
Bear Head-Projekt erlauben wir uns laut  
Vereinbarung zu liquidieren

can.\$ 3'900'000.--

abzüglich Ihre Akonto-Zahlung vom 30.12.1987

1'900'000.--

---

can.\$ 2'000'000.--

=====

Mit der Bitte um Ueberweisung auf unser Konto Nr. 235.972.029 Can\$ bei  
der Verwaltungs- und Privatbank AG, FL-9490 Vaduz.

BMA VII (D 8)

0349

08

123



THYSSEN INDUSTRIE AG

Überweisungsauftrag

Abteilung  
Recht

Beleg-Nr.  
Zeichen  
Dr. Kl/Ign  
5221

Hausruf  
3270

Tag  
20.10.88

Die Abt. Bilanzen wird beauftragt, zu überweisen

2.000.000,--

Wert

26.10.88 Kurs 1,4965 - DM 2.993.000,--

~~2.000 Millionen~~

(in Worten)

an I.A.E. International Aircraft Leasing Ltd.  
Verwaltungs- und Privatbank AG, PL-9490 Vaduz  
Konto bei Kto-Nr. 235.972.029 CHF

Mitteilung für Empfänger: Honorar für Beratung in Zusammenhang mit dem  
Projekt Bear-Head Industries Ltd.

zu Lasten

bezahlt am

21.10.88

durch

T.H.

Für die Richtigkeit

Zur Zahlung angewiesen

H. W. M.

An Aussteller zurück

6814  
AWG D  
1-3  
3



**VERWALTUNGS- UND PRIVAT-BANK AG**  
 PRIVATE TRUST BANK CORPORATION  
 9490 VADUZ, LIECHTENSTEIN

Kontonummer Holder of Account Seite Page

**I.A.L. INTERNATIONAL  
 AIRCRAFT LEASING LIMITED**

**TAGESAUSZUG/DAILY STATEMENT**

Konto Account No. Kontobezeichnung Type of Account Datum Date  
**235.972.039 KONTOKORRENT 25.10.88**

**9490 VADUZ**

Text Description	Wert/Value	Soll/Debit	CAS	Haben Credit	CAS
<b>UEBERWEISG THYSSEN INDUSTRIE</b>	<b>26.10.88</b>			<b>2'000'000.0</b>	

Bankkosten Free of charges

Saldo zu Ihren Lasten  
 Balance in our favour

Saldo zu Ihren Gunsten  
 Balance in your favour

**2'000'020.4**

TELEFON 075 56635 TELEEX NR 33200 33200 (BORSE) TELEFAX 075 20697 KONTOKTO 90-8291-5 SWIFT VPBV LI 22

SE 5



**VERWALTUNGS- UND PRIVAT-BANK AKTIENGESELLSCHAFT**

BANQUE PRIVEE DE GERANCE SOCIETE ANONYME - PRIVATE TRUST BANK CORPORATION  
 9490 VADUZ, LIECHTENSTEIN TELEFON 075 56635 TELEEX 33200 TELEFAX 075/20697 POSTSCHECKKONTO 90-8291-5 SWIFT VPBV LI 22

KOMPASS ADULT

REI

KONTO  
 ACCOUNT

**2. OTT 1988**  
**EVASU**

BETRAG AMOUNT

WERT VALUE


 SCHWEIZERISCHE BANKGESSELLSCHAFT  
 SOCIETE DE BANQUE SUISSE  
 SOCIETA DI BANCA SVIZZERA  
 SUISSE BANK CORPORATION

8022 ZUERICH  
 KONTO-NUMMER 996 02566 K004  
 BELIEGE DE COMPTE  
 ESTIMATO DI CONTO  
 STATEMENT OF ACCOUNT

PERIODI  
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"FRANKFURT"

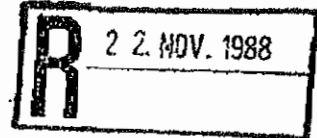
PERIODE	ART	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
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2.11	F VERTRAG	610.000.00		500.000.00			500.000.00				
2.11	F VERKAUF		461.32								
31.12	SPEISEN		41574								
	SALDO			448.231.70							
244087				1.158.735.00			1.158.735.00				
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BMA II f  
Bitucan Holdings Ltd.

0409 300

Suite 1204, Dome Tower  
333 - 7th Avenue S.W.  
Calgary, Alberta T2P 2Z1  
Telephone (403) 269-9377  
Fax (403) 262-8786



MERKUR Handels- und Industrie AG  
Aeulestrasse 5  
P.O.Box 83

FL-9490 Vaduz  
LIECHTENSTEIN

October 20, 1988

I N V O I C E

To invoice you for services rendered  
regarding your industrial project in  
Indonesia

Please remit ..... \$ 710,000.00

Bitucan Bank Account: 10 12 765 Bank of Montreal, Calgary  
Standard Life Branch

Bank Gulding Number: 25029001

A 7/91

0414

512

**FDCI**  
FRED DOUCET  
CONSULTING  
INTERNATIONAL

**INVOICE**

**BILL TO:** Bitucan Holdings Ltd.  
1204 Dome Tower  
333 - 7th Ave. S.W.  
Calgary, Alberta  
T2P 2Z1

**INVOICE NO.:** 119


**DATE:** November 2, 1988

**Attention:** Mr. Karlheinz Schreiber

**DESCRIPTION:**

Re: Professional Services

\$90,000.00

<b>BITUCAN HOLDINGS LTD.</b>		<b>104</b>
1204, 333 - 7 AVENUE S.W. PHONE 268-8377 CALGARY, ALBERTA T2P 2E1		
		November 15 19 88
<b>PAY TO THE ORDER OF</b>	<b>FDCI/FRED DOUCET CONSULTING INTERNATIONAL</b>	<b>\$ 90,000.00</b>
		DOLLARS
Re: Invoice No. 119/2.11.1988		<b>BITUCAN HOLDINGS LTD.</b>
<b>Bank of Montreal</b> 508 - 6TH STREET S.W. CALGARY, ALBERTA T2P 1X3	 PER _____	
⑈0000 104⑈ ⑆25029⑈00⑆ ⑆1012⑈765⑈		

FRED DOUCET CONSULTING INTERNATIONAL INC.  
SUITE 1300, 50 O'CONNOR STREET



A 7/91

0413

1770 MARKET STREET  
SUITE 408  
HALIFAX, N.S. B3J 2M4  
CANADA

HALIFAX, N.S.

November 2

TELEPHONE 429-1040  
FAX 429-1088

M Bitucan Holdings Limited

1204 Dome Tower, 333 - 7th Avenue S.W., Calgary, Alberta.

In account with:

T2P 2Z1

**Doucet & Associates**

BARRISTERS & SOLICITORS

To services rendered by Gerald Doucet

\$ 90,000.00

E. & O. E.

<b>BITUCAN HOLDINGS LTD.</b>		<b>105</b>
1204, 333 - 7 AVENUE S.W. PHONE 269-8377 CALGARY, ALBERTA T2P 2E1		
PAY TO THE ORDER OF <u>Doucet &amp; Associates</u>	November 15 19 88	\$ 90,000.00
REGISTERED <u>90000 DOLLARS</u>		100 DOLLARS
Re: Invoice 2.11.1988		BITUCAN HOLDINGS LTD.
<b>Bank of Montreal</b> 506 - 6TH STREET S.W. CALGARY, ALBERTA T2P 1X3	PER <u>[Signature]</u>	
⑆0000 105⑆ ⑆25029⑆001⑆ 1062⑆765⑆		

A 7/91

0411

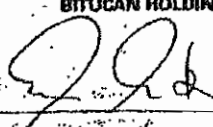
Frank and Beth Moores  
403 Clarke Ave.  
Westmount, Que.,  
H3W 3C3

November 8, 1988

Bitucan Holdings Limited  
1204, 333 - 7th Avenue S.W.  
Calgary, Alberta  
T2P 2Z1

I N V O I C E

For Services Rendered by Frank  
D. Moores on your behalf \$90,000.00

<b>BITUCAN HOLDINGS LTD.</b>		<b>107</b>
1204, 333 - 7 AVENUE S.W. PHONE 269-8377 CALGARY, ALBERTA T2P 2E1		November 15 19 88
PAY TO THE ORDER OF	Frank D. Moores	\$ 90,000.00
REGISTERED 184P-11081		DOLLARS
90000		100.
Re: Invoice 8.11.1988		BITUCAN HOLDINGS LTD.
Bank of Montreal 608 - 6TH STREET S.W. CALGARY, ALBERTA T2P 1X3		PER 
⑈0000107⑈ ⑆25029⑈00⑆ 1012⑈765⑈		

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# GCI

GOVERNMENT  
CONSULTANTS  
INTERNATIONAL

NOV 17 1988

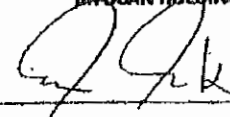
## INVOICE

**BILL TO:**  
Bitucan Holdings Limited  
1204, 333 - 7th Avenue S.W.  
Calgary, Alberta  
T2P 2Z1

INVOICE NO.: 1880  
DATE: November 10, 1988

DESCRIPTION	AMOUNT
Re: Consulting Services Rendered	\$250,000.00

GOVERNMENT CONSULTANTS INTERNATIONAL INC.  
SUITE 1300, 50 O'CONNOR STREET,  
OTTAWA, CANADA K1P 6L2  
PHONE: (613) 736-7001 TELEK: 053-3960

<b>BITUCAN HOLDINGS LTD.</b> 1204, 333 - 7 AVENUE S.W. PHONE 269-9377 CALGARY, ALBERTA T2P 2E1		<b>103</b>
PAY TO THE ORDER OF <b>GOVERNMENT CONSULTANTS INTERNATIONAL</b>		November 15 19 88
		\$ 250,000.00
<b>REGISTERED 250000 DOLLARS</b>		
Re: Invoice No. 1880/10.11.1988		BITUCAN HOLDINGS LTD.
<b>Bank of Montreal</b> 608 - 6TH STREET S.W. CALGARY, ALBERTA T2P 1X3	PER 	
⑆0000103⑆ ⑆25029⑆00⑆ ⑆1012⑆765⑆		

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510

LEMOINE CONSULTANTS INC

NOV 15 1988

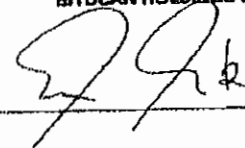
INVOICE

December 1, 1988

To Bitucan Holdings,  
Calgary, Alberta

For professional Services rendered: \$90,000.00

TOTAL \$90,000.00

<b>BITUCAN HOLDINGS LTD.</b>		106
1204, 333 - 7 AVENUE S.W. PHONE 289-9377 CALGARY, ALBERTA T2P 2E1		November 15 19 88
PAY TO THE ORDER OF	LEMOINE CONSULTANTS INC.	\$ 90,000.00
REGISTERED 134811051 90000 DOLLARS		100 DOLLARS
<b>Bank of Montreal</b> 506 - 6TH STREET S.W. CALGARY, ALBERTA T2P 1X3	BITUCAN HOLDINGS LTD. 	PER _____
⑈0000106⑈ ⑆25029⑈00⑆ 1012⑈765⑈		

1262 James Lemoine, Sillery, Quebec, Canada G1S 1A2 Telephone: 418 682-3172

(22.07.)

Dossier

Zürich, 12.7.93

18'679

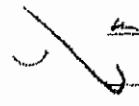
A4 047



Schweizerischer Bankverein  
Zürich

Ca. J. Korta eröffnet Veranlasst

mit Rubrik "Britan"



1802711  
Übertrag von Ca. J. 10-41'391.0  
"Frankfurt"

Veranlasst

Val. 28.7.93

Ca. J. 500'000.-

z. B. Ca. J. Korta  
700-46'341 5 "Britan" 16.3.11

notiz

TTO "Frankfurt" entsprechend  
kürzen (Val. 28.7.)

Veranlasst

Ca. J. 400'000.- für "Britan"  
1 Mt. als TTO z. Leg. (Val. 28.7.)

ge. Teil





Brian Mulroney

Montreal, March 25, 1994.

**BY FAX**

Mr. Karlheinz Schreiber  
Raiffenfenstr. 27  
8912 Kaufering  
West Germany 89616

Dear Karlheinz:

Mila joins me in conveying to you our congratulations and warmest regards on your 60th birthday.

Your impressive contributions to both Germany and Canada stand today as a very significant personal achievement.

We look forward to seeing you and Barbél soon.

With very good wishes and best personal regards.

Yours sincerely,



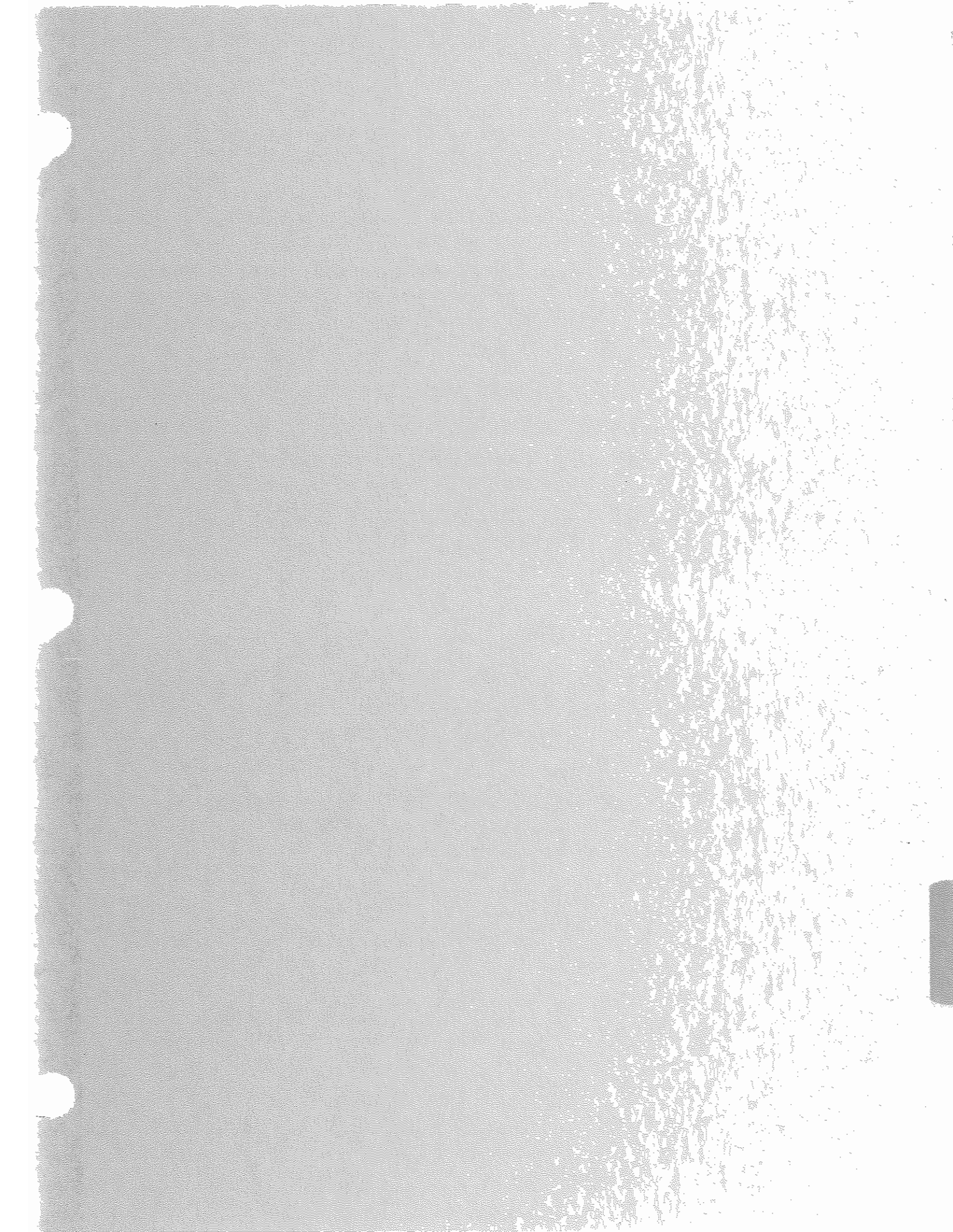
Brian Mulroney

MBM/fc

1981, AVENUE MCGILL COLLEGE AVENUE, SUITE 1100, MONTREAL, QUEBEC H3A 3C1 - (514) 847-4770

TOTAL P. 02



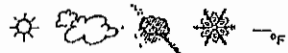


**FRED DOUCET  
AGENDA  
1993**

Tuesday  
152-213

JULY							93
S	M	T	W	T	F	S	
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JUNE 1



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shelby arrives today  
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Umpin

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2 JUNE

JUNE							93
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Wednesday  
153-212

☀️ ☁️ ⚡️ ~~Meeting~~ Council  
29<sup>th</sup> Floor.

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11 COPIED re: Rick Wilson

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BLUBLINE

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25	26	27	28	29	30	31	

JUNE 3



Mr. W. J. [unclear] am 8  
cleaning 30

Call Andie Chariv  
Do letters or call Blair Camp [unclear] 10  
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P.M. K. [unclear] Centre Bl.  
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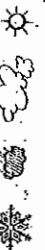
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4 JUNE



JUNE		93						
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	20	21	22	23	24	25	26	
	27	28	29	30				

Friday  
155-210

Notes

8 am

Get Roderick's

Call from Gregory W

d Doug Roderick  
Call Paul re Carter

617-423-2100

David Kover

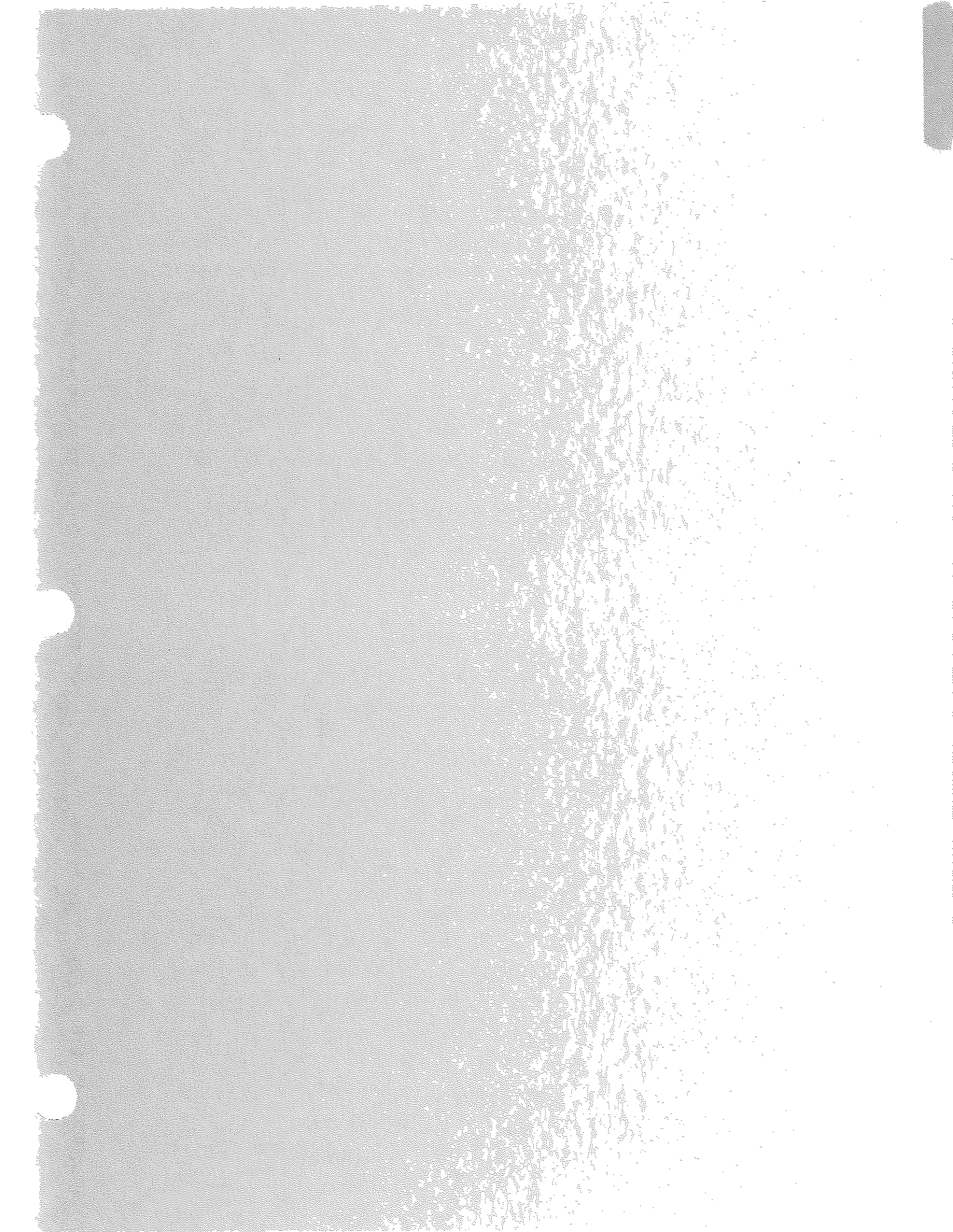
19 Elm Company (the  
Marine Industrial Park)

Robert Kover

Robert Kover

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22. Woche  
153-213

JHR

JHR

22. Woche  
153-212

Td. Elmer  
 Td. Harstorf  
 Td. Jack  
 Td. Bob.  
 Td. Fred  
 Td. Frank  
 2866-2522-2  
 Max Rine

7	Johs Harding	30 Min Casal	Max - St. Moritz
8	Max Detektiv	29. Rev.	Dora Mary
9		Bob D.S. 1965	260 0135
10		Td. BAR	0039. 744. 950. 530
11			Racee. 1964.
12			* Kross fast GPH
13			wann wo?
14			Hilfon BAR. Wien
15			0043.1. 71700
16			7134
17			Fach anfall. 18. 5-93
18			Klein. 21. 5-
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David Mary  
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 \* Kross fast GPH  
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 Hilfon BAR. Wien  
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 Fach anfall. 18. 5-93  
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22. Woche  
154-211

22. Woche  
155-210

Max Sumpf / Fleck

Johs Harding

Juch Vance

Frank Moore

Greg Reid Opinions

Bob Ake

Vance  
Harding  
KS

Alford

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9:30 Bob Maden  
403.266.1611

Bob Charvat  
Emp. N. 231.6368

Diana Tognari  
514.458.4308

406

Frankfort Brinkman  
1236

260.0239  
Dialt Dol Maden  
Dana Mary

403.429.4887  
Gen. Of.

15:30 PM. Meeting

Tel Frank

Bob Charvat

Tel. Oberle  
997.1694

HY'S

23. Woche  
164-201

23. Woche  
165-200

FD. 3D. FD. BM. 50' + M/L  
MH. MS. ER. S. I. P.

Andi.

Greg.

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13	Charvat	
14		BHI - Frank - Fred
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Major Tol

Greg. Cameron ?

Clayton's Moore  
White NOV. 1994



SA 4.05

Donnerstag 17. Juni

SU 20.41

SA 4.05

Freitag 18. Juni

SU 20.41

24. Woche

189-197

Fried - Elmsh. Fried  
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18:30	Jack Major	18	
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162. 95. 56. 94  
 161. 89. 56  
 160. 90. 54

Montag 21. Juni

SU 20.42

Dienstag 22. Juni

SU 20.42

1993

UHR	25. Woche	172-193
7	Greg: Spar AC ?	
8	Concepcion ?	Stoll - Solar - 50
9	1000 \$ Delta ? safe Bank. Deposit.	Rochelle the Ent. Inc.
10	Gedrun Fators	
11	Zehung Barwin Gilgus ?	
12	Brig Cambe	
13	Brig David Haigk.	Verika 10 Rob ok.
14	Treffan PM ? V	
15	Treffan Charst ?	
16	J.L. BOB Charst	Freida Bar
17	Greg Deposit 4000. - ?	
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UHR	25. Woche	173-192
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DEZEMBER

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Fr	4	17	24	31
Sa	5	18	25	
So	6	19	26	

Donnerstag  
 30  
 Dezember

Freitag  
 31  
 Dezember

JANUAR 1994

Mo	3	10	17	24	31
Di	4	11	18	25	
Mi	5	12	19	26	
Do	6	13	20	27	
Fr	7	14	21		
Sa	8	15	22		
So	9	16	23		

25. Woche  
174-191

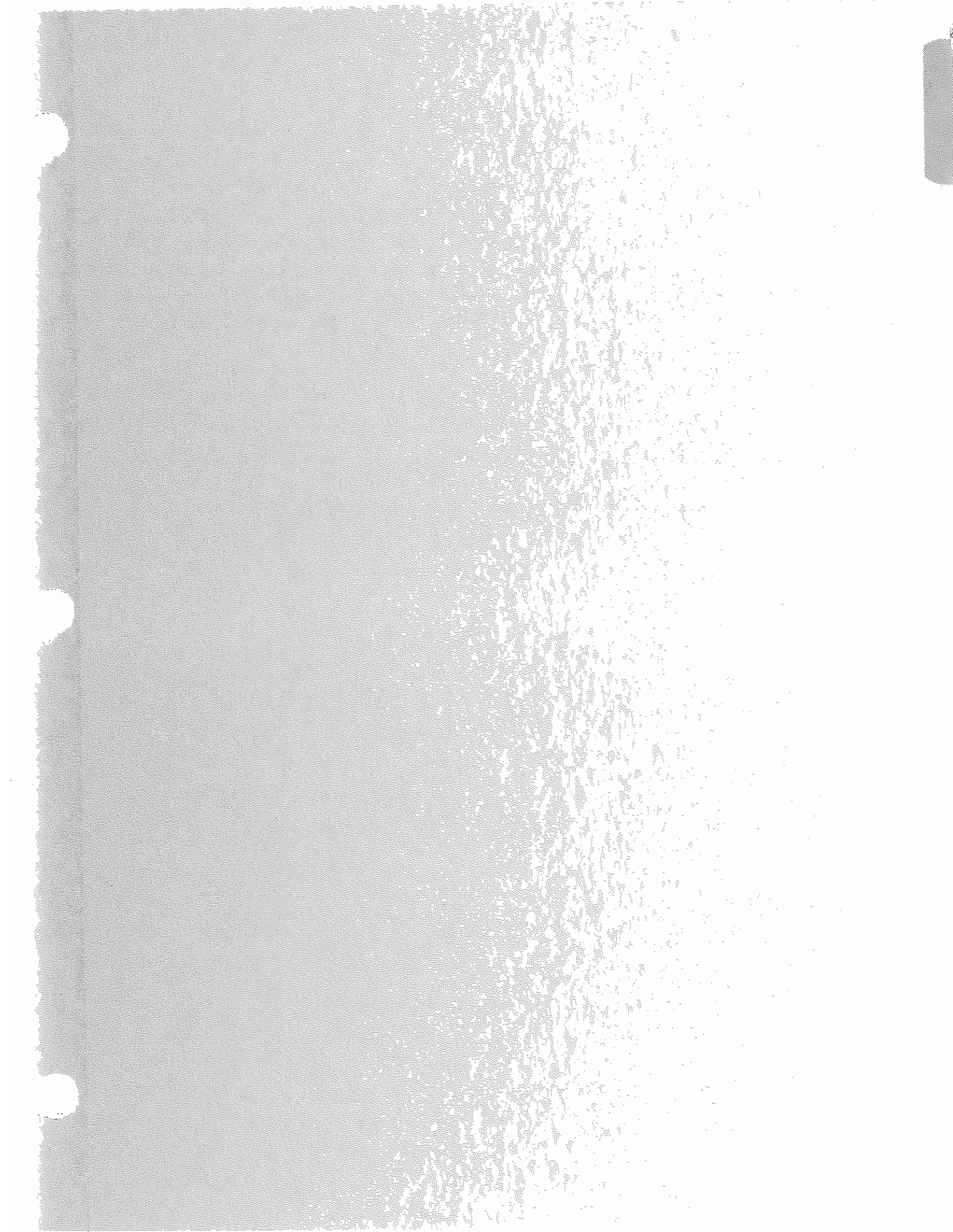
UHR  
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UHR  
7

25. Woche  
175-190

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11	<i>PM. Harrisville Lake 992.4211</i>	<i>11:35 Bethany - Toronto</i>
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# 1 The Prince of Penne

"Thank you," Brian Mulroney said in his usual polite way when Karlheinz Schreiber passed over the large envelope containing \$100,000 in cash. "Thank you very much."<sup>1</sup>

The story begins in late June 1993, not long after Mulroney stepped down as prime minister. He had bought a new home for his family on Forde Crescent in Montreal, high up on the hill in Westmount. It would be months, however, before the extensive renovations on the new house were complete. In the meantime, courtesy of his successor, Kim Campbell, the Mulroneys were staying at Harrington Lake, the rustic summer home for Canadian prime ministers in Gatineau Park, outside Ottawa. It was here that Schreiber says Mulroney arranged for a government limousine to pick him up at his Rockcliffe condominium and bring him over for a visit.<sup>2</sup> They talked and, before long, they met again at a hotel in Montreal to exchange that first envelope. Other meetings followed, including one at the Pierre Hotel, Mulroney's favourite, in New York City.

The two men had known each other for years. Schreiber, born Friedrich Karlheinz Hermann Schreiber in 1934 to a poor family in a small town in the Harz Mountains in Germany, was a natural-born salesman with winning ways and a knack for finding the big deal. His first job was selling Oriental carpets. Settling in Kaufering, Bavaria, he began working for a road-marking company with a unique product to sell. Instead of painting lines on roads, the company, Bayerische Bitumen-Chemie Ferdinand Heinrich GmbH, cut grooves into the road and filled them, permanently, with asphalt studded with reflective beads. Drivers could not only see the markings at night but feel them too. They lasted almost forever. Soon the ambitious, hardworking Schreiber owned the company. Thanks to his carefully cultivated friendship with Bavarian premier Franz Josef

Strauss, the business eventually had a lock on all the road-marking contracts in Bavaria. Schreiber began looking for other markets for this innovative product.

Schreiber made his way to Alberta, Canada, in the early 1970s. Realizing that government contracts required government contacts, he quickly went about making them among the reigning provincial Tories. Despite these contacts, the road-marking company did not do well in Canada and was eventually sold. Schreiber invested heavily in real estate, on his own behalf and for others. He made money and he lost money. But there was always a new project on the go, in Alberta, Newfoundland, Saudi Arabia, Costa Rica, Mexico, France, Switzerland, and, of course, Germany. Along the way he befriended a number of Canadian politicians, including Brian Mulroney. It was no surprise to Schreiber, then, when Mulroney summoned him to Harrington Lake for a chat that summer day in 1993. When it was time to go, Schreiber remembers Mulroney escorting him to the door and the waiting car.

The limousine kicked up dust along the dirt-and-gravel road out of the Harrington Lake compound and was waved through the white entrance gate by an RCMP officer. Three cameras mounted on poles recorded the exit as the vehicle bounced down the narrow road hugging the south shore of Meech Lake, one of three large finger-shaped bodies of water bisecting Gatineau Park. To the right, cliffs descended sharply to the road, dotted here and there with cottages. Soon they were in the quaint village of Old Chelsea, where, looking out the tinted window, Schreiber could see the summer tourists milling about, stopping at the popular brick bakery and the local pizzeria. The car turned onto No. 5, a four-lane divided highway, and the Ottawa skyline soon appeared on the right, the Parliament Buildings rising magnificently above the Ottawa River. Barely half an hour after leaving Mulroney, Schreiber later recalled, the car sped along Sussex Drive, beyond the prime minister's residence and the sprawling grounds of Rideau Hall, and delivered him home in Rockcliffe Park.

Less than one year after the last payment was made in December 1994, Mulroney and Schreiber were back in the newspapers, but it was unwelcome publicity for both of them. Early in 1995 the RCMP resurrected an old file, one filled with allegations of major wrongdoing by the former prime minister, Schreiber, and a third party, Frank Moores, the former premier of Newfoundland.

Born in 1933 in Harbour Grace, Moores was the son of a prosperous family of fish merchants. He had little formal education

drinking, Moores entered politics in 1968 as a federal Tory MP. He quickly tired of Ottawa, however, and in 1970 returned to Newfoundland to challenge longtime Liberal premier Joey Smallwood. Three years later, Moores was premier, a post he held for seven years.

In 1976 Moores nominated Mulroney in his first bid for the federal Progressive Conservative Party leadership. They had been friends before and they have been friends ever since. When Mulroney was finally elected leader of the party in 1983 and then prime minister in 1984, Moores moved to Ottawa and established the number one lobbying firm in the capital, Government Consultants International (GCI). In 1995, two years after Mulroney had left office and Moores had left town, the RCMP believed that the duo, together with Schreiber, had engaged in a criminal conspiracy to defraud the people of Canada of millions of dollars. The Mounties were convinced that unlawful commissions had been paid in Air Canada's \$1.8 billion purchase of Airbus aircraft, the Coast Guard's acquisition of a dozen helicopters, and a stillborn plan to assemble light armoured vehicles in Bearhead, Cape Breton. Among the recipients, the RCMP believed, were Brian Mulroney, Frank Moores, and the German-Canadian middleman in all three transactions, Karlheinz Schreiber. But the police investigation, first launched in 1988, had run out of steam in Canada. The Mounties had their suspicions, and little else. But, thanks to a secret police informer, the inquiry was given a big boost and the RCMP were in a position to follow up on some leads overseas. They wanted to ask the Swiss government for assistance in divulging details about a number of secret Swiss bank accounts supposedly belonging to Mulroney, Moores, and Schreiber and containing some of their share of the spoils. To do so, the investigators needed to present a document called a Letter of Request.

The Swiss banking system is governed by two overriding principles: security and secrecy. As a result of international pressure, however, the Swiss had reluctantly agreed to assist foreign governments in obtaining details about numbered accounts — provided the requesting government could assure them there was real evidence of the commission of a serious crime.

The RCMP's 1995 Letter of Request fit this requirement. The letter from Canada did not beat around the bush. It said that Mulroney had defrauded the Canadian people of millions of dollars. He was, to summarize in three words, "on the take." Karlheinz Schreiber and Frank Moores were also involved, with the trio receiving big kickbacks from Air Canada's purchase of Airbus planes, the Canadian Coast Guard's purchase of helicopters from a German company

called Messerschmitt Bolkow Blohm (MBB), and also from an aborted attempt by Schreiber, on behalf of the German military/industrial conglomerate Thyssen, to establish a light armoured vehicle factory at Bearhead, Cape Breton. Some of Mulroney's share of the money, the letter asserted, ended up in a secret numbered Swiss bank account code-named "Devon." Later, another account, suspiciously named "Britan," came to light and was said by some to hold more of Mulroney's ill-gotten gains.

When Mulroney learned of the Letter of Request, he sprang into action and hired some of the finest legal talent around. They worked overtime to try to get the Canadian government to withdraw the letter and replace it with another request that did not outright call the former prime minister a criminal, before he had even been charged with a crime. But they failed.

The letter was leaked to veteran journalist Philip Mathias – who did the leaking is still a source of considerable speculation – and Mulroney filed a \$50 million defamation action against Ottawa. The lawsuit was eventually settled in January 1997, when both the federal government and the RCMP said they were sorry and acknowledged that there was no evidence of any wrongdoing on Mulroney's part. It was an abject apology: "Based on the evidence received to date, the RCMP acknowledges that any conclusions of wrongdoing by the former prime minister were – and are – unjustified." And, it continued: "The government of Canada and the RCMP regret any damage suffered by Mr. Mulroney and his family and fully apologize to them."

Moore and Schreiber also got apologies, although they were different in content and in tone, given only as a matter of "logical consistency." The government and the RCMP apologized to them for some of the language used in the Letter of Request that indicated, wrongly, that the RCMP had reached conclusions that they had engaged in criminal conduct. Nothing was said in the letters to Schreiber and Moore about the evidence gathered about them. To an astute reader, the conclusion was compelling that whatever evidence the RCMP had collected about Mulroney at the time the letter was sent, along with any new evidence accumulated since, there was nothing to support any allegation of wrongdoing on his part. However, the same could not be said about Schreiber and Moore. In fact, anyone who carefully followed the story could not help but notice that, at the same time the RCMP and the Government of Canada were apologizing to Schreiber, German authorities had raided his Bavarian home and had him under active criminal investigation for

a variety of serious offences. But Mulroney, it seemed, was completely cleared, a view reinforced when Judge Allan Gold was called upon to adjudicate the amount the government owed the former prime minister for payment of his legal fees and other expenses.

Gold, a well-respected Montreal jurist with a knack for settling large, intractable disputes, had assisted in negotiating the Minutes of Settlement resolving the case. When the two sides could not agree on how much money Mulroney was owed, Gold was called back into service and gave Mulroney just about everything he asked for. "I begin with the firm conviction that the intent and purpose of the Settlement was to right the grievous wrong that Mulroney had suffered through no fault of his own," Gold wrote in his award. "Simple justice and fair dealing required no less." In the end, the Canadian government reimbursed Mulroney a little more than \$2 million for his legal and public relations expenses. The CBC's *Fifth Estate*, Canada's leading current affairs and investigatory television program, which first broke the story about mysterious Airbus commissions, had always made it clear that there was no evidence of any wrongdoing on Mulroney's part.

That was my view too, set out in my earlier book on the Airbus case, *Presumed Guilty: Brian Mulroney, the Airbus Affair and the Government of Canada*, published in 1998. One thing surprised me, though, when I went on the promotional tour for the book and appeared on radio talk shows across the country – the depth of dislike Canadians felt for the former prime minister and the way suspicions about him were extended, without hesitation, to anyone seen to be speaking on his behalf. I was, however, with only two exceptions, treated fairly and well by the press. In the end, my publisher sold more than ten thousand hardcover copies of the book.

In the years since the case was settled in early 1997, fortune has treated the three principals in the Airbus case very differently. Life never turned around for Frank Moore, the former King of the Rock, as he was known in Newfoundland. The Airbus investigation had cost him dearly, personally and financially, and his million-dollar account in Switzerland was still frozen, even though he had reportedly made amends with the Canada Customs and Revenue Agency and paid all his outstanding back taxes.

Schreiber was – well, Schreiber. He was fighting an extradition request from the Government of Germany. After raiding his Bavarian home and seizing, among other things, his diaries, which were then correlated to banking records obtained from the Swiss, the German authorities wanted to question him about a number of things.

Tax evasion, bribery, and political corruption were at the top of their list. Indeed, Schreiber was one of the key figures in a huge German fundraising scandal, one that continues to dominate German politics. In 1991 Schreiber gave one million marks, in cash, in a parking lot, to Liesler Kiep, a prominent businessman and the powerful treasurer of Chancellor Helmut Kohl's Christian Democratic Union Party.<sup>3</sup> Less than ten years later, when the story broke, a political firestorm erupted. While Schreiber maintained the money was simply a donation, a parliamentary inquiry was called. Kohl was soon in trouble, as was his successor, Wolfgang Schäuble. The money had gone into an unreported bank account and had been used as a slush fund. Even though many of the records relating to the affair went missing, there was no shortage of inculpatory evidence. One senior German official committed suicide. A former deputy minister of defence went into hiding and is still a fugitive from justice. Several ranking Thyssen officials were convicted of corruption.

German authorities had many questions for Schreiber, but if his lawyer Eddie Greenspan has his way, their extradition request is unlikely to be finally concluded anytime soon. In the meantime, Schreiber is suing the Government of Canada for \$35 million in a claim filed in Edmonton alleging abuse-of-process, defamation, and sundry other legal wrongs. Schreiber was also going after the CBC's *Fifth Estate* and Luc Lavoie – Mulroney's spokesperson – for millions more because of Lavoie's on-air observations about Schreiber and his reputation for telling the truth. According to Lavoie, Schreiber was “the biggest fucking liar the world has ever seen.” This was not, apparently, just Lavoie's view: “That's what we believe,” he added, suggesting that Mulroney was on board too. Before long, Lavoie wrote Schreiber an unconditional letter of apology – “My words were wrong and they were neither authorized nor condoned by Mr. Mulroney. Therefore I apologize to you without reservation and regret any damage caused by my words” – and his cheque for \$50,000 followed quickly thereafter. The furniture just got moved around as Schreiber dropped his lawsuit against the CBC and ended up paying the broadcaster more than \$50,000 for its legal costs.

While the lawyers wrangled over these various lawsuits and legal actions, Schreiber was, in effect, stuck in Canada, but he did not waste his time. He opened and then closed a chain of pasta restaurants (and he claimed to have discovered a form of spaghetti that cured cancer and reduced weight), attracted a number of blue-chip investors, and continued to enjoy the support and friendship of

Canadian politicians, most notably Marc Lalonde and Elmer MacKay, two former federal ministers, one Liberal, one Conservative, who personally guaranteed Schreiber's bail when he was arrested by the RCMP as part of a German government extradition request.

For Mulroney, life was good. He established probably the top international law and advisory practice in Canada and was appointed to numerous important boards of directors. He was named a Companion of the Order of Canada, the highest level and the greatest honour the country can bestow. He saw his only daughter married at a lavish wedding in Montreal, with former president George H.W. Bush and his wife as his special guests of honour. His children were all successfully launched, the house in Palm Beach was renovated and enlarged, and Mulroney was prospering in Canada and abroad. For a man concerned about his place in history, Mulroney's contributions to Canada's economic well-being were increasingly recognized and appreciated. Few dispassionate observers could disagree with his claim made in the fall of 2003: “My policies are now accepted by the majority of Canadians. Just look, my policies on GST, free trade, on the United States and the Middle East, they are back in favour ... My government wasn't perfect, but it is better than the one we have there now ... the Liberals are ... systematically corrupt.”<sup>4</sup>

Indeed, after the Airbus debacle, the Liberal government did look very bad. Justice Minister Allan Rock and Solicitor General Herb Gray seemed mean-spirited and ungenerous, while their boss, Prime Minister Jean Chrétien, appeared nasty and vindictive. Many Canadians speculated about Chrétien's possible role in the affair, and there was some reason to believe that the prime minister was not unaware of the RCMP investigation into Mulroney before it became public knowledge. However, even Mulroney's biggest critics were left with little choice but to concede that the whole sad episode had been a travesty of justice. “I always said that dog won't hunt,” claimed Stévie Cameron, Mulroney's longtime nemesis and most public enemy, through her bestselling book *On the Take*.<sup>5</sup> The RCMP announced it would continue to investigate.

That was just fine with Mulroney. Savouring his victory, he gave an impromptu press conference outside his Westmount home in January 1997 the day after his lawsuit was settled. “I wanted any stain whatsoever removed from my father's name,” he told reporters happily, “and that's been achieved.” What about the continuing RCMP investigation? Mulroney just laughed. The Mounties could continue their inquiries until “the cows come home.” He had nothing to worry

about: "They won't find a single thing because we've never been involved in anything untoward." But even in his time of triumph, Mulroney conceded the story was not yet over. The case was, Mulroney continued mysteriously, very "unusual," and he would not be surprised if there were more "revealing developments."<sup>6</sup>

Philip Mathias again got the new story first, nailing it down in late 2000 and early 2001. Mathias began his journalism career in London, England, in 1960 when he was assistant editor of *Tim and Its Uses*. He joined Toronto's *Financial Post* in 1965. Between 1975 and 1980, he worked at the CBC's *Fifth Estate*, and stints at *Money Magazine* and *Venture* followed. By 1985 he was back at the *Financial Post*, which, in 1998, became the *National Post*. Mathias was obsessive about figuring things out. Humming, whistling, or singing away, and driving his newsroom colleagues nuts, he would stare at documents for hours to understand them and to satisfy himself that he had not missed something important. This time, the scoop was pretty straightforward: "Brian Mulroney was paid \$300,000 in cash by German businessman Karlheinz Schreiber, the man at the centre of the Airbus affair, over an 18-month period beginning soon after Mr. Mulroney stepped down as prime minister in 1993."

The story suggested that the payments had nothing to do with Airbus or any wrongdoing asserted in the 1995 Letter of Request. Mathias noted that at the time the payments were made, Mulroney was re-establishing himself in the private sector, and there was no reason to avoid Schreiber, who was not yet embroiled in the various legal proceedings and political scandals that were soon to engulf him. The *Post* interviewed Schreiber for the story and quoted him as saying that the business relationship between the two was "normal," and that it was not up to him "to report on Brian Mulroney to the Canadian public." The story also pointed out that a fee of \$300,000 was not unusual for providing legal and lobbying assistance in major transactions.

Mulroney declined to comment for the story, as did his lawyers. However, Mathias spoke to a "Mulroney confidant," who told him that "the former prime minister earned the fee in full by performing services for Mr. Schreiber after the fee was paid." Mathias was not told the nature of the work or when it was done. When the newspaper reporter asked why Mulroney did not make this matter public at an earlier time, the confidant replied that Mr. Mulroney was "fearful of creating a false impression in the middle of what he

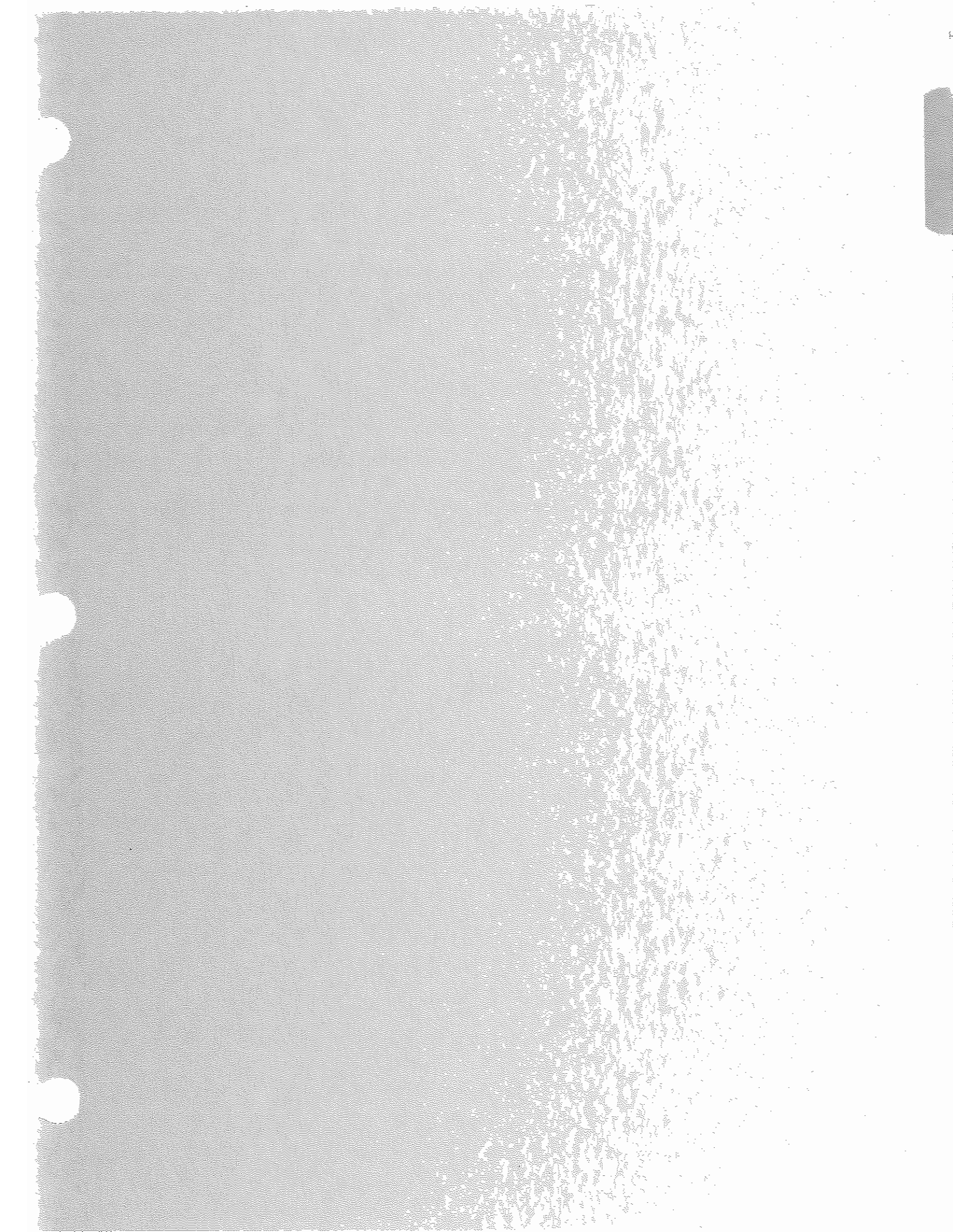
described as a witch hunt over the so-called Airbus affair." The fear was hardly misplaced. It would certainly have made an impression if news about the multiple cash payments from Schreiber had come out at the same time that Mulroney was suing the federal government and the RCMP for claiming he had accepted a bribe from Schreiber.

While there is no predicting legal outcomes, one thing is near certain. Had Jean Chrétien, Allan Rock, and Herb Gray known in late 1996 and early 1997 that Mulroney had gone on Schreiber's payroll soon after leaving office and been paid \$300,000 in cash, they would never have allowed the Department of Justice and the RCMP to settle the case. Mulroney had taken a huge gamble. Now Mathias had found out about the money and, although he greeted this information with his customary scepticism, he was determined to get the story in print. He immediately realized that the amount involved paled in comparison to the many millions Mulroney was alleged by the Canadian government and others to have received as a payoff for Airbus and the other transactions. Still, \$300,000 was hardly insignificant. The payment in cash was also unusual. Mathias heard, but could not apparently confirm, that the purpose of the retainer was to assist in kick-starting the Bearhead project in Cape Breton, if possible, or, if politics demanded, in the east end of Montreal.

Mathias had been working on the story for months, to the exclusion of just about everything else, when he submitted a final draft in early January 2001, just weeks before his scheduled retirement. It went to the *Post's* lawyers – no one would dare publish a contentious story about Mulroney without a libel check – and was approved. It emerged from editorial, fairly edited. Mathias waited and waited and waited. Nothing happened. Mathias began to ask questions. He pestered. Finally, he wrote to the dual proprietors of the *Post* – Conrad Black and the Asper family. In a letter dated towards the end of March 2001, he complained. He told the owners that Mulroney received the first instalment soon after he left office in 1993 and accepted the last payment in December 1994. Why, he inquired, was the story not published?

A few days later Mathias was summoned to a meeting with senior editorial staff in the main meeting room, which overlooks the newsroom on the inside and an ugly industrial parking lot on the outside. It was not exactly the Star Chamber, but Mathias became increasingly uncomfortable as the meeting did not go well. There was, he was told, no story. Why, he was repeatedly asked, was he pursuing it? Why, he was also asked, had he gone over his editors'





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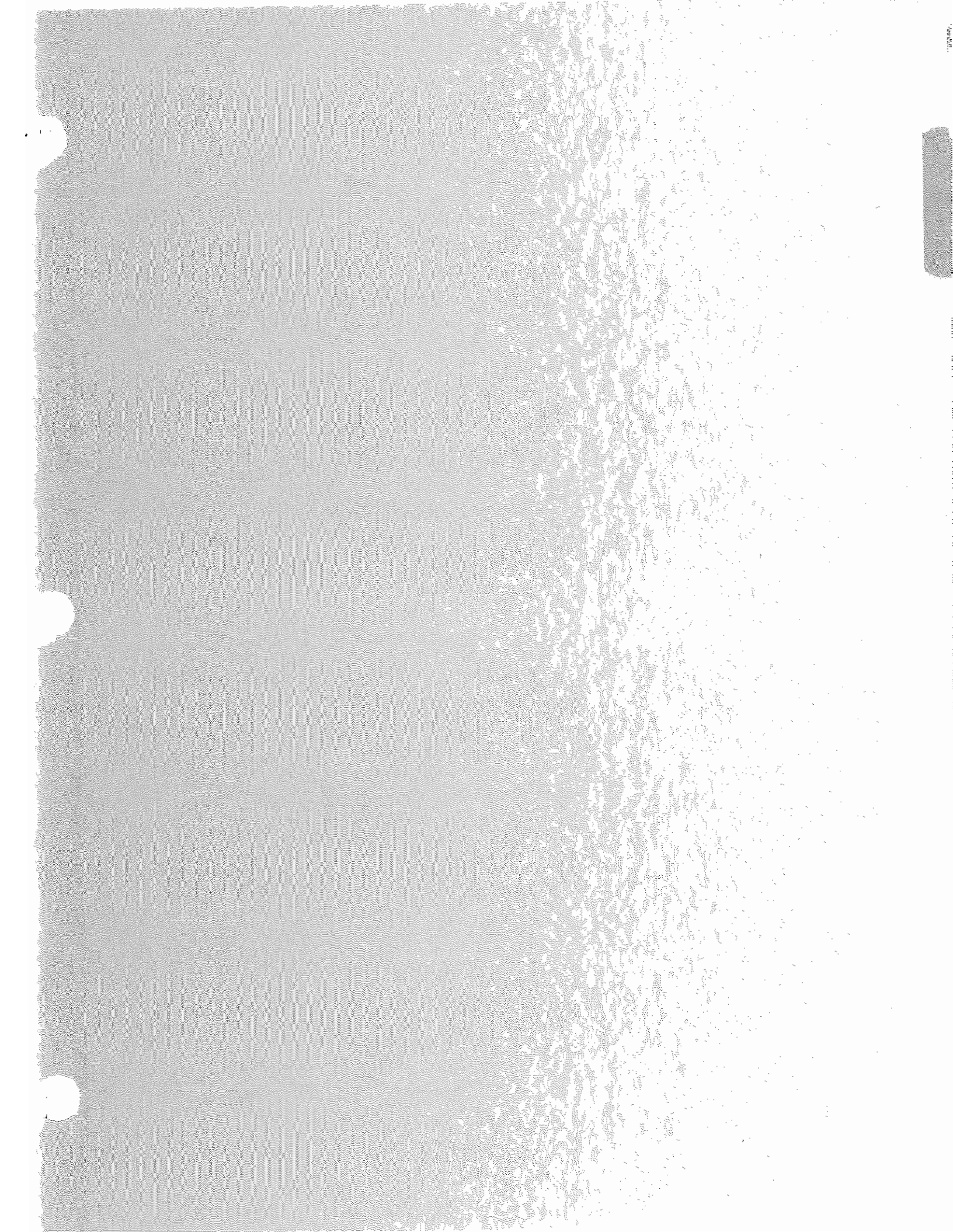
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**FRED DOUCET**  
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NOVEMBER 15



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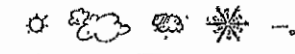
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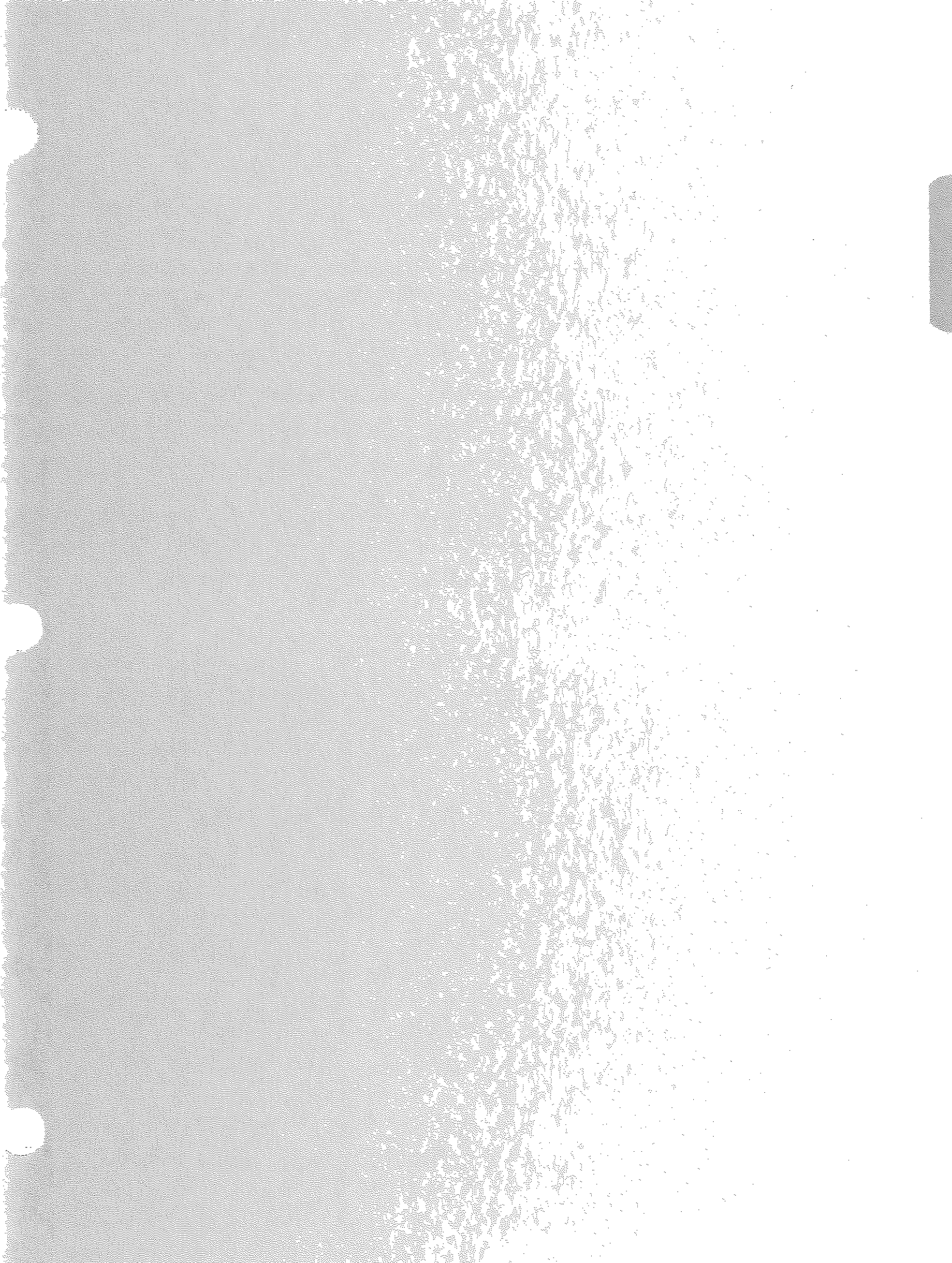
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**KHS AGENDA**

**1994**

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11 Vorkug Liesben

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13 Dietrich von Berg  
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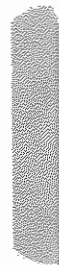
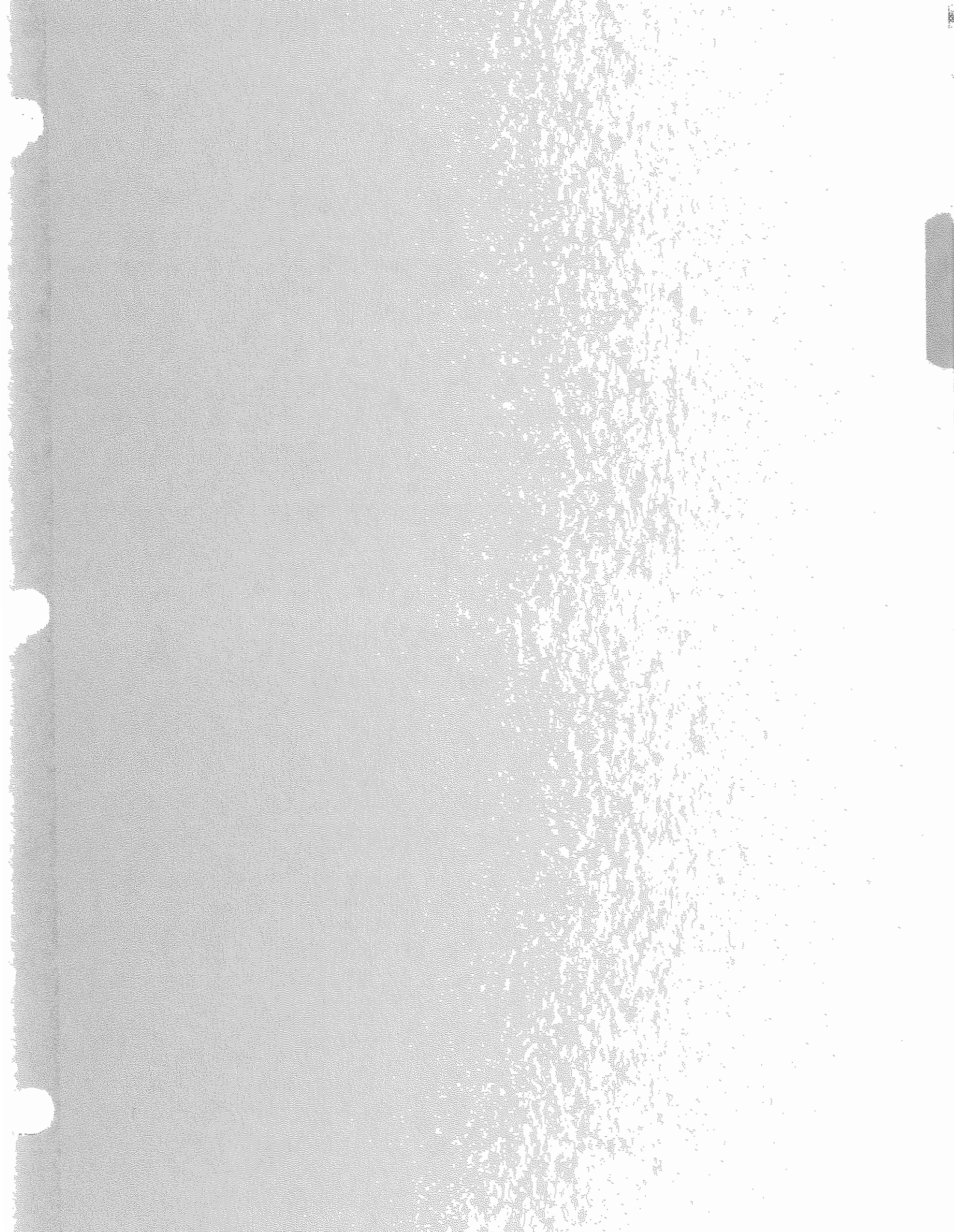
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K2G 3X9

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**SOURCE: CBC-TV**

**PROGRAM: THE FIFTH ESTATE**

**DATE: SEPTEMBER 5, 2000**

**TIME: N/A**

**REFERENCE: 2801DOC4**

**LENGTH: 1:48 MINUTES**

**MULRONEY COMMENTS ON KARLHEINZ SCHREIBER**

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For Internal Information and Research Purposes only

BRIAN MULRONEY (Former Prime Minister of Canada): Well, Mr. Schreiber was never a good friend of mine. He's a man I knew, and I regarded him as, and he was introduced to me, and he had a reputation of accomplishment. And things have to be placed in perspective. You have to look at this now seven years earlier, and his reputation was unflawed. He had achieved a great deal in the business community, and what is sad about this is the assumption people presumed guilt on his part and the part of others. Mr. Schreiber should be presumed to be innocent. And moreover, he has a wife and a family, and the personal dimension of this should not be lost on people. He is a Canadian citizen who has the right to be presumed to be innocent. And yet because of all of the rumours and gossip and innuendo, there's a tendency to presume that people have done something untoward. And so, look, life takes its toll on all of us. And this has not been a pleasant experience for anybody, and I'm sure not for Mr. Schreiber and his family, and I believe that they too are entitled to the presumption of innocence as I was and as other people.

BRIAN STEWART (Host): What's your feeling currently about the Airbus scandal, the ongoing investigation? It seems to have no end.

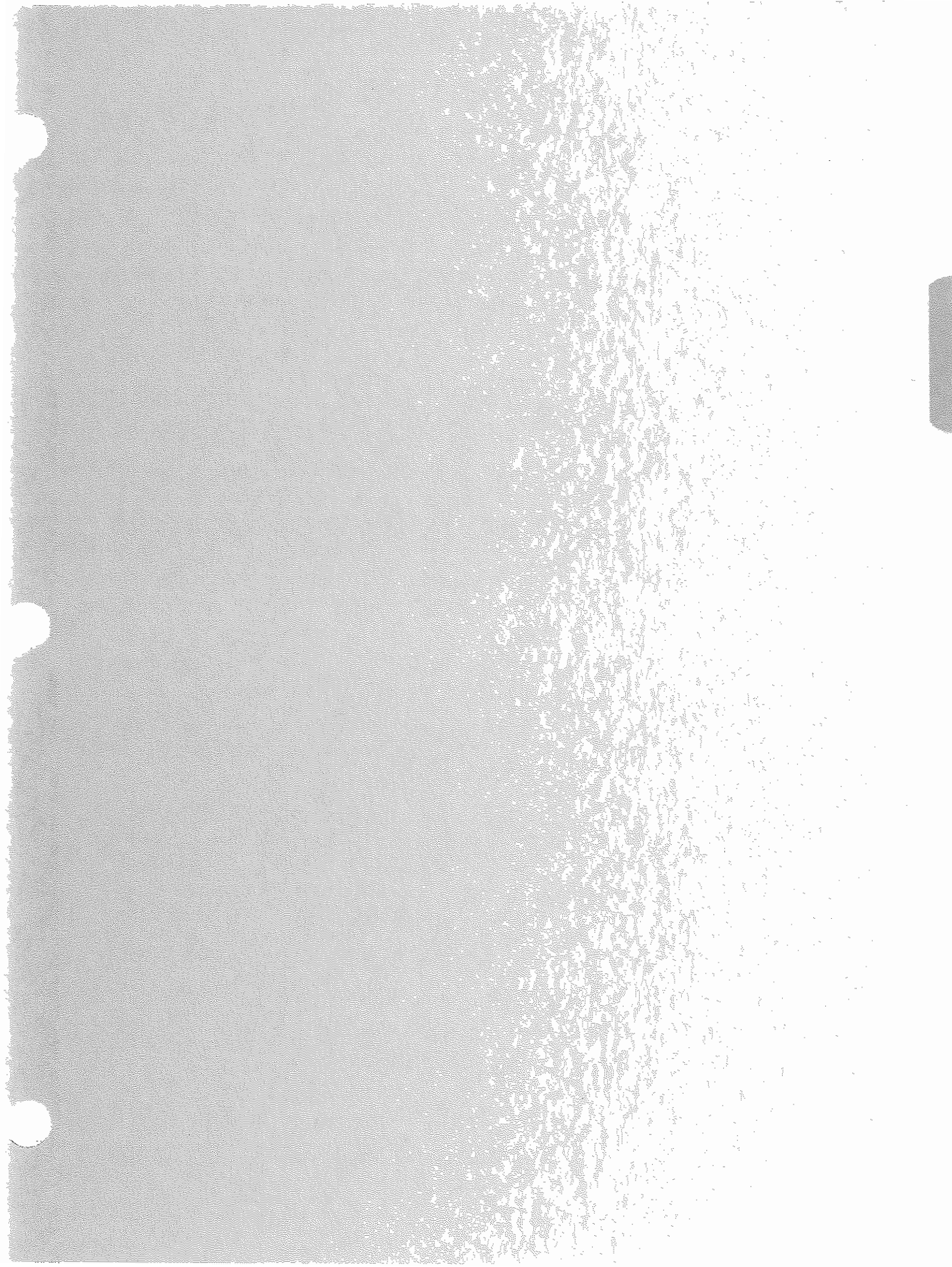
BRIAN MULRONEY: I just don't know. It just goes on and on.

BRIAN STEWART: Do you even think about it much anymore?

BRIAN MULRONEY: I just don't know where it is, Brian. And we'll just have to see where...see where it leads.

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## Schreiber hired Mulroney

-  Article
-  Comments 
- 

WILLIAM KAPLAN  
FROM MONDAY'S GLOBE AND MAIL  
NOVEMBER 10, 2003 AT 2:02 A.M. EDT

It was a shocking claim. In the confines of a closed-door Toronto court hearing, one of Canada's better-known lawyers drew a bead on one of Canada's better-known investigative journalists: "A major political enemy of the Right Honourable Brian Mulroney," Edward Greenspan declared, "and she's somehow in bed with the RCMP."

Please see:

- Was journalist RCMP informant?
- 'An abuse of power of the worst kind'
- 'This is not the way you do business in Canada'

Greenspan accused Stevie Cameron of being so out to get the former prime minister, so keen to catch him doing something wrong, that she broke a key tenet of her craft and enlisted as a secret informant to help the police expose him as corrupt.

For two days, Greenspan castigated Cameron in his attempt to have a judge throw out the highly unusual secret warrant that in December, 1999, had allowed the Mounties to spend three days searching the Fort Erie, Ont., offices of Eurocopter Canada.

Greenspan's client, German-born businessman Karlheinz Schreiber, is alleged to have shared in more than \$1-million in improper commissions after the German-based subsidiary's predecessor company sold 12 light helicopters to the Canadian Coast Guard in 1986. Also fighting to keep Schreiber from being extradited to his homeland to face tax-fraud charges, Greenspan wanted the warrant quashed to keep the helicopter allegations from being made public.

If he could show the case against Eurocopter was tainted because the abortive, infamous Airbus investigation from which it stemmed was itself tainted by Cameron's actions, Schreiber might escape unscathed. And by the time Greenspan had finished his argument in court, Cameron's role in the investigation had become an issue.

But what if Mulroney had a business relationship with Schreiber after all, not while he was in office but soon after leaving it?

For years, Cameron tried to establish, in book after book and speech after speech, that Mulroney was, as she almost asserted flat out, "on the take."

But the best she and her famous research binders - crammed with information about Mulroney-government wrongdoing, real and imagined - were able to establish was that some of those around Mulroney had crossed the line. The same has been said of prime ministers before and since.

On Mulroney, Cameron could never prove that he, personally, had done a single improper thing. Even the information she provided to the police, which eventually helped to spark the government's infamous 1995 letter to the Swiss that called the ex-PM a criminal, did not do the trick.

When Mulroney's ensuing defamation suit was settled, the RCMP and the government acknowledged there was no evidence of any unlawful activity on his part.

Whatever had been handed over had caused him huge damage, but fallen short of criminal charges.

However, the RCMP's investigation into the three big projects - Air Canada's purchase of \$1.8-billion worth of Airbus planes, the coast guard's \$27-million worth of helicopters and German-based Thyssen Industries' proposed Bearhead project to build armoured military vehicles in Cape Breton - continued long after Mulroney settled his suit.

"Airbus probe still a top file for RCMP," Robert Fife, the well-connected reporter for the National Post wrote on Dec. 29, 2001. "Thousands of RCMP officers were redeployed after Sept. 11, but not the seven officers and team of forensic accountants assigned to the Airbus investigation. RCMP Cor-poral Louise Lafrance told the National Post yesterday the Airbus inquiry is one of the 'big investigations' kept intact."

Frank Moores was, Fife reported, far from impressed: "The thing has been going on for almost seven years and I have no idea whatsoever when they'll release my accounts." Unable to earn much of a living since Airbus, Moores wanted access to his money.

But as Fife reported: "The RCMP refuses to discuss details of the case or to explain why Moores's accounts remain frozen. Moores, an Ottawa lobbyist during the Mulroney years in government, said he was completely up-front as soon as the Airbus investigation was leaked to the media in November, 1995.

"He did not resist RCMP demands to obtain his Swiss bank account, and contacted Revenue Canada to settle any outstanding taxes."

This spring, however, the government finally called the whole thing off.

Dated April 22, 2003, the announcement was completely straightforward: "After an exhaustive investigation in Canada and abroad, the RCMP has concluded its investigation into allegations of wrongdoing involving MBB Helicopters, Thyssen and Airbus. In October, 2002, a charge of fraud was brought against Eurocopter Canada Ltd. (formerly MBB Helicopters Canada Ltd.) and two German citizens, Kurt Pfleiderer and Heinz Pluckthun.

"The RCMP has now concluded that the remaining allegations cannot be substantiated and that no charges will be laid, beyond the charge of fraud already before the courts. A preliminary inquiry in the Eurocopter fraud charge is scheduled to begin Sept. 8, 2003, at Ottawa.

"Today's announcement fulfills a commitment made by former commissioner Phil Murray to announce the results of the Airbus investigation once the RCMP concluded its investigation."

The case had gone on for eight years and cost untold millions, not to mention the \$2-million the government had to reimburse Mulroney for expenses incurred in his \$50-million defamation suit. In the end, only Eurocopter and two MBB officials in Germany were ever charged with anything.

The Germans, Pfeleiderer and Pluckthun, have declined the Canadian invitation to attend the preliminary inquiry. An Interpol arrest warrant for the duo was issued, but as long as they stay in Germany the chances they'll be forced to face charges in Canada are nil. The preliminary is not expected to end until 2005, but with no evidence that Eurocopter's Canadian officials did anything wrong, how the Crown's case can succeed is a bit of a mystery.

Mulroney was informed first that the investigation was over — the RCMP came to see him and hand-delivered the letter from Commissioner Giuliano Zaccardelli. Schreiber and Moores also got a heads up on the notification personally transmitted by the force.

The news for the three was welcome — being told that a criminal investigation is over always is — but many questions remained unanswered. Who knew what in government and when? Was the investigation politically motivated? And where did all the money go? One thing Cameron did establish was that a lot of money was paid in commissions for various transactions including Airbus and the helicopter sale. We still do not know precisely who got it and for what, and now maybe we never will.

Some loose ends will never be tied up, but others now can, including, most interesting of all, that Mulroney did enter into a commercial relationship with Schreiber after leaving office.

Award-winning National Post reporter Philip Mathias got the story first, nailing it down in late 2000 and early 2001: "Brian Mulroney was paid \$300,000 in cash by German businessman Karlheinz Schreiber, the man at the centre of the Airbus affair, over an 18-month period beginning soon after Mulroney stepped down as prime minister in 1993."

The story made it clear that the payments had nothing to do with Airbus, or any of the other wrongdoing asserted in the 1995 letter of request. The story noted that, at the time the payments were made, Mulroney was re-establishing himself in the private sector and there was no reason not to do business with Schreiber, who was not, at the time, embroiled in the various legal proceedings and political scandals that would soon overtake him.

The Post interviewed Schreiber for the story and quoted him as saying that the business relationship between the two was "normal" and it was not up to him "to report on Brian Mulroney to the Canadian public." The story also pointed out that \$300,000 was not an unusual sum for providing legal and lobbying assistance on big-ticket items.

Mulroney apparently declined to comment for the story, as did his lawyers. However, Mathias did get to speak to a "Mulroney confidant" who told him that "the former prime minister earned the fee in full" by performing services for Schreiber after the fee was paid. The Post was not told the nature of the work or when it was done. Asked why Mulroney had not made this matter public sooner, the confidant replied that Mulroney was fearful of creating a false impression in the middle of what he described as "a witch hunt over the so-called Airbus affair."

Mathias said the amount involved paled in comparison with the millions Mulroney was alleged by the Canadian government and others to have taken as a payoff for Airbus and the other transactions. Mathias also believed, but could not apparently confirm, that the purpose of the retainer was to assist in kick starting the Bearhead vehicle project, in Cape Breton if possible or, if politics demanded it, in the east end of Montreal.

After working on the story for months, Mathias submitted it in early January, 2001, just weeks before his scheduled retirement. It went for legal vetting, was approved and emerged from editorial fairly edited. Mathias waited and waited and waited. Nothing happened.

He began to ask questions and pester. He finally wrote to the proprietors — at that time there were two of them: Conrad Black and the Asper family. Finally, in a letter near the end of March, he complained. He told the owners that Mulroney received the cash beginning soon after he left office in 1993 to return to the private sector and accepted the last payment in December, 1994 — four months before Airbus started coming to light. Why, he asked, was the story not published? It was, he suggested, clearly newsworthy.

A few days later Mathias was summoned to a meeting with senior editorial staff. The meeting did not go well. Why, he was asked repeatedly, was he pursuing the story? There was, he was told, no story. Why, he was asked, had he gone over his bosses' heads?

Discussion then turned to the merits of what he'd written. Mathias took the position that a story about a former prime minister accepting \$300,000 in cash from an international arms merchant was newsworthy. There was further discussion, a line-by-line dissection of the story, more observations on why it wasn't a story, and finally the meeting ended.

That night, Ken Whyte, then the editor-in-chief of the Post, called Mathias at home. He had not been at the meeting but said the views of the editors on the story reflected his own. If there really were something there, it had to be placed in context. Whyte suggested that Mathias contact me, being the author of a book about the whole thing, to do that.

I was contacted and provided a comment, on the condition that it be published in its entirety. It went as follows: "I generally prefer to withhold comment until I have all the facts, but let me make the following observations about what you have told me. First, building a second light armoured vehicle manufacturing facility in Canada — as you know we already had one in London, Ontario — was always predicated on huge infusions of federal cash — hundreds of millions of dollars in either guaranteed orders or infrastructure and other support. It did not matter whether the project was to be located on Cape Breton Island or the east end of Montreal. This fundamental fact — that hundreds of millions of taxpayer dollars was required to fund the initiative, made it uneconomic when Mr. Mulroney was prime minister and none of the underlying economic, political or other factors leading to the rejection of the proposal by Mulroney had changed when Mr. Chrétien became prime minister. Given all of this, what exactly did Schreiber think he could achieve?"

"On this point, you tell me that Mr. Schreiber paid Mr. Mulroney to assist him in this endeavour from some time in the summer of 1993 until December, 1994. While it is conceivable — but for the reasons already given, unlikely — that Mulroney could have helped the project if Kim Campbell was elected prime minister, it is inconceivable that Mr. Chrétien and his Liberals would have been responsive to any initiative spearheaded by Mr. Mulroney and that is why, presumably, Mr. Schreiber retained Marc Lalonde. Why, then, would Mr. Schreiber have paid Mr. Mulroney for anything for services after the fall 1993 election? In other words, how this project could have been advanced with Mr. Mulroney on the payroll after the Liberals got into power is beyond me.

"You tell me that \$300,000 was delivered to Mr. Mulroney in cash. Frankly, this is the strangest part of the story and I would like to know a little more about it as it seems, I must say, improbable. I cannot imagine money being delivered in the sense payments of cash connote. So what exactly is meant by cash? Invoices sent for services delivered compensated by wire transfers? Obviously, a lot of questions are raised by this account and until those questions are answered I am not sure what to make of it. The first thing to do would be to ask the former prime minister for an explanation.

"Finally, and this is the most important thing I have to say. On Airbus, Mulroney was presumed guilty. In fact, he was not guilty of anything. You do not have to believe me about this. The CBC's *fifth estate* said so; Stevie Cameron, Mulroney's nemesis, said so. Judge Alan Gold, who arbitrated the award of legal fees to Mulroney, concluded that he suffered a grievous injustice, and my own study determined that he had nothing to do with Airbus. So whatever implications people might wish to draw from this new account, I would suggest that some caution is in order before jumping to any conclusions."

Mathias continued to press for publication of his story but got nowhere and eventually gave up. The environment for its publication, he reflected years later, was

just not right. In fact, the atmosphere was downright hostile, and so a newsworthy story was relegated to electronic purgatory on the Post's hard drive.

Mathias was a veteran reporter with very good sources. He was the journalist who broke the news that the government of Canada had sent the Swiss a letter calling Mulrone a criminal, and he had been working on different angles of the story ever since. Now he had uncovered one of the biggest scoops of his career and, instead of getting the front-page treatment the story deserved, it was suppressed and he was treated as though he had a communicable disease.

A long career in investigative journalism ended in disgust, and The Post continued its campaign of bemoaning the so-called victimization of Mulrone by the RCMP and others on the one hand, while puffing him on the other, particularly when doing so cast the current Prime Minister in a less positive light.

All the while there was time bomb waiting to go off. The story could not die.

A public-relations catastrophe for Mulrone had been averted, but the respite was only temporary. I had learned of the payments, and I wanted an explanation. If all this were true, my book clearly required a sequel.

Asking for Mulrone's side of the story was the first step. Eventually he explained that Schreiber had paid him the money — though he disputes the amount — for his assistance in promoting a fresh-cooked pasta business Schreiber had started in Canada as well as his international interests.

When he joined Ogilvy Renault, Mulrone made it clear, he asserts, to his future partners that in addition to practising law, he would be a consultant.

His clients' names are confidential and will not, he insisted, be released without their permission. "If," he said, emphasizing the word, clients paid for his services in cash, that would be reflected in the books of the company, all income would be declared and all taxes paid.

Had Mulrone been retained to lobby for Bearhead, at the very least, he would have had to register as a lobbyist, which he did not, and there might have been conflict-of-interest issues, given that he had so recently been prime minister, and hadn't stepped down as a sitting MP until the Oct. 25 election.

So it seems Mathias got that part of the story wrong. According to longtime Mulrone spokesperson Luc Lavoie, the money was paid "to assist Schreiber with his pasta business and to arrange a number of introductions and meetings with international business executives."

Mulrone, Lavoie added, never lobbied for Schreiber and so never had to register as a lobbyist. "All income was declared and all taxes paid."

It was straightforward from the get-go, Lavoie insisted. "The truth is," he said in an interview, "Mulrone never had anything to do with Airbus, he had nothing to do with MBB and he had nothing improper to do with Bearhead. Being hired as an international adviser after he left office was entirely consistent with the practice he was setting out to establish."

Fair enough. For all intents and purposes, Schreiber was a well-connected businessman with interesting projects and plans, and Mulrone could help.

But why was Mulrone never asked any questions about all this back in 1996, when he was examined by government lawyers in Montreal as part of his libel suit? How did they all miss such an obvious line of inquiry?

The examination on discovery, as it is known in Quebec, began on April 17, 1996, and took about a day and a half. Mulrone was asked, and answered, a lot of questions about Schreiber and his involvement with Schreiber's efforts on behalf of Thyssen to build the light armoured vehicles in Cape Breton.

Obviously, any Canadian prime minister would be interested in bringing manufacturing jobs to an area with one of the country's highest unemployment rates. Mulrone was repeatedly asked about it and repeatedly made the point that it was his government that decided not to go ahead with the project. A number of underlying political and economic assumptions just didn't make sense.

Mulrone observed that Schreiber was indefatigable. No matter how many times he was turned down, he would come back with a different twist or spin in order to attract the government's interest. For example, when Ottawa said no to light armoured vehicles, he proposed building "peacekeeping vehicles" for use by Canadian troops and others on United Nations missions. But Canada already had the facility in London, Ont., for building this kind of vehicle, and there was no way Mulrone's government was going to spend the \$100-million or so required to help launch a second one.

Examinations on discovery provide each side in a legal action with fairly wide scope to ask the other side questions in order to prepare for the forthcoming trial. This one provided the government lawyers with an opportunity to put Mulrone's relationship with Schreiber under a microscope. But not once in the hundreds of questions put to the former prime minister, was he ever asked point-blank whether he had taken money from Schreiber.

The central claim made against him in the 1995 letter to the Swiss was that he'd been paid off. Had Mulrone been asked whether he'd taken a bribe, he obviously would have denied it. And there is no evidence that he had. Asking him whether he'd done business with Schreiber was a fairly logical place to start, along with a detailed inspection of every call, every letter, every visit — everything to do with anything that involved the two men.

Yet Mulrone was never asked exactly how many times they had met, in what circumstances and where. The questions related to Bearhead almost exclusively and largely focused on Mulrone's activities while in office. He was asked very little about their relationship after he stopped being PM.

But the topic wasn't avoided completely.

Question: "Did you maintain contact with Schreiber after you ceased being prime minister?"

Answer: "Well, from time to time, not very often. When he was going through Montreal, he would give me a call. We would have a cup of coffee, I think, once or twice. And he told me that he continued to work on his project, that he was pushing a new government. And he told me that the idea of the project at that point was the same project, but the desirability at the time was to work with the provincial Government of Quebec and the federal government, the new federal government, to establish this new project in the east end of Montreal, where the jobs were badly required. And he told me that he had hired Marc Lalonde to represent his interests before the new Liberal government."

"I wasn't really surprised because the word in Ottawa is that Schreiber and Lalonde had had a long relationship in the past. And so he also expressed dismay with me that my government had not agreed or could not include the contract that he liked.

"So, he said that he had hired Lalonde, and he hoped this would give rise to an agreement."

Question: "When he passes through Montreal and visits you, is it at your office or at your home?"

Answer: "Well, he doesn't pass through Montreal and visit me. He comes when he's on his way to Montreal. He called me and asked me, and I say perhaps once or



twice, if I could come to a cup, have a cup of coffee with him at a hotel. I think I had one in the Queen Elizabeth Hotel with him."

Question: "Oh. So it's at his ....."

Answer: "I had one in the ....."

Question: "Yeah"

Answer: "..... in the coffee bar of the Queen Elizabeth Hotel."

Mulroney also was asked a number of times about his conversations with Schreiber after Schreiber informed him of the existence of the 1995 letter to Swiss authorities.

Question: "And the Canadian government alleges that very substantial sums were paid to Schreiber by Airbus Industries, and you didn't discuss with Schreiber whether it was true or not?"

Answer: "The document said, among other things, this: 'This investigation is of serious concern to the Government of Canada, as it involves criminal activity on the part of a former prime minister.' This is not an allegation, this is a statement of fact where the Government of Canada is judge, jury and executioner.

"And what preoccupied me — inasmuch as I had never heard of the Airbus matter in my life — what preoccupied me were the extraordinary falsehoods and injustices as they involve me. And I wondered with my family and friends, quite frankly, how in the name of God could this come about? How can something like this actually take place.

"And the fact that Mr. Schreiber may or may not have had any business dealings was not my principal ..... my principal preoccupation. I had never had any dealings with him."

"I had never had any dealings with him."

This was not quite correct. He had never had any dealings with him on Airbus. He had never had any dealings with him on the helicopter purchase. He had some prime ministerial dealings with him on Bearhead — he turned down the project and a request for federal money. But he had dealings with him while in office and since.

Later in the transcript, this exchange occurred: Question: "Perhaps I misunderstood. When you talked about having coffee with Schreiber at the Queen Elizabeth, it was in the period subsequent to November, 1995?"

Answer: "No, no, it was after I left office in 1993, and that's when he told me, as I indicated to you, that ..... he was dismayed that my government had not allowed him to proceed with his desire to build this Thyssen project.

"And that's when he told me that he had hired Marc Lalonde to represent him because he figured that Lalonde could prevail upon Chrétien and the government to have this done in the east end of Montreal. Which, by the way, had they been able to do it ..... I thought it was a good project, and so I wouldn't have been critical of anything.

"He told me he had hired Lalonde to do that; he told me he was contemplating legal action against my government; that [he] had hired a prominent law firm in Ottawa — I think Ian Scott's law firm, very distinguished lawyer — to take action against ..... the bureaucrats in my government who, he alleged, had frustrated the fact that he was never able to get a deal through. This deal ..... that was the kind of conversation we had.

"He expressed the hope that Lalonde would be successful in persuading the new Liberal government to agree to conditions that would enable him to proceed with the project. That was it."

"That was it."

And yet Mulroney had by then accepted a retainer of some kind from Schreiber. The questions to him were badly framed — and very carefully answered .

An explanation has been offered about why Mulroney was not more forthcoming, given his commercial relationship with Schreiber. Earlier, he had offered to come to Ottawa and to make a complete financial disclosure — income-tax returns, business records, everything — to government and RCMP officials. He was turned down flat. His envoy was advised: We are just beginning our investigation.

Since then, the lawsuit had commenced and many months had passed. Mulroney was now facing at least nine government lawyers and he had no intention of doing their job. He had promised to respond to questions truthfully but did not volunteer any information.

Context is, of course, everything. So too, as Bill Clinton showed the world when he tried to explain what happened with Monica Lewinsky, are meaning and interpretation. But Mulroney did have ample opportunity to come clean about his professional relationship with Schreiber.

Instead, he helped to create the impression that he carefully considered Schreiber's business proposal when he was prime minister — but rejected it after determining it wasn't in the best interest of the Canadian people — and subsequently maintained, at best, a cordial and infrequent acquaintance with Schreiber after he left office. Was it perjury? No. Had he misled the Canadian people? Probably yes. Should he have seized the opportunity to set out the entire story? Absolutely.

There were, Luc Lavoie points out, "nine lawyers sitting there on the government side and not one of them ever asked Mulroney whether he got money from Schreiber."

And what if they'd done so? "If they had," Mulroney told me recently, "I would have answered the question." But not according to Lavoie: "They would have been told that the relationship was privileged."

The government lawyers, Mulroney counsel Jacques Jeansonne explains, had no entitlement to ask Mulroney any questions about this payment, and Jeansonne has a technical explanation about the operation of the rules of civil procedure in Quebec and how those rules, properly applied to this case would have, if a question had been asked, been interpreted to disentitle the government lawyers to an answer.

But a technical defence, even a successful one, would have harmed Mulroney in the court of public opinion. The lawyers examining him may have blown it badly, but didn't he have an obligation, a special obligation as a former prime minister, to make it perfectly clear that he and Schreiber had a commercial relationship? It was, after all, by all accounts a proper commercial relationship. In a recent interview, Schreiber confirmed that he retained Mulroney's services "for totally legal

reasons after he left office."

You have to admire Mulroney's bravado: suing the government for \$50-million to refute a claim that he had been bribed by Schreiber when the two had done business together. Balls of steel. Had the government lawyers learned about it, they might never have settled. It was a very close call.

What is also very surprising about it all — and arguably telling of their legitimacy and Mulroney's innocence — is that Mulroney did not just deny the payments. Doing so, presumably, would have been the easiest course, as there were, by all accounts, no witnesses to the exchanges. Mulroney did admit them because the payments were above board.

Not that Mulroney doesn't have regrets: "If you accumulated all the sorrow over all my life, it does not compare to the agony and anguish I have gone through since I met Schreiber," he says. "I should never have been introduced to him because the people who introduced me to him didn't know him."

Today, at 64, Mulroney looks older and more tired than he should. Clearly he is weary of it all. Having his lawyers at the lengthy secret trial cost him hundreds of thousands of dollars, but at least it was money well spent.

Because, finally, the trial gave him the sustenance for his hunch that Cameron, his long-standing critic, was at least partly responsible for the criminal investigation that could have destroyed him. And now thanks to behind-closed-door proceedings and disclosure of the RCMP briefing notes, he had some pretty compelling evidence.

He insists that, no matter what, everything he has done is "clean as a whistle. .... I can also tell you that I have declared every cent that I have ever received and I have paid all income tax on all monies owing.

"My affairs have been above board and proper, and I am not concerned about any of the legal implications whatsoever," he says, repeatedly saying that the RCMP investigated thoroughly and "gave me an apology letter." (In reality, the force simply announced the end of its criminal investigation but, again, interpretation is everything.) Most of all, he is adamant that the revelation of the identity of the informant not be overshadowed by any suggestion that he and Schreiber did anything wrong.

"Anyone who says anything about that," he says, "will be in one fuck of a fight."

Postscript: When I finished *Presumed Guilty*, my book about Mulroney and Airbus, I concluded with the words "the investigation is continuing."

Police investigations, like politicians, come and go, but history is always up for re-examination. Not long after the criminal investigation ended, William Thorsell, a former editor of this newspaper, commented: "But concluded the matter is not. Records of other actions now before the courts will eventually be made public, and could contain substantially more information about the origins of this fiasco. A great stain has been made on the administration of justice in the Airbus affair, and history demands that we know much more about how it happened."

We now know a little bit more. A secret trial has been exposed — disturbingly it is not the only case in Canada today being held behind closed doors, keeping vital information from the public — and some of the loose ends have been tied up and some new questions raised. But none of us has the final word. The RCMP may have called it off, but as far as I am concerned, the investigation is still continuing.

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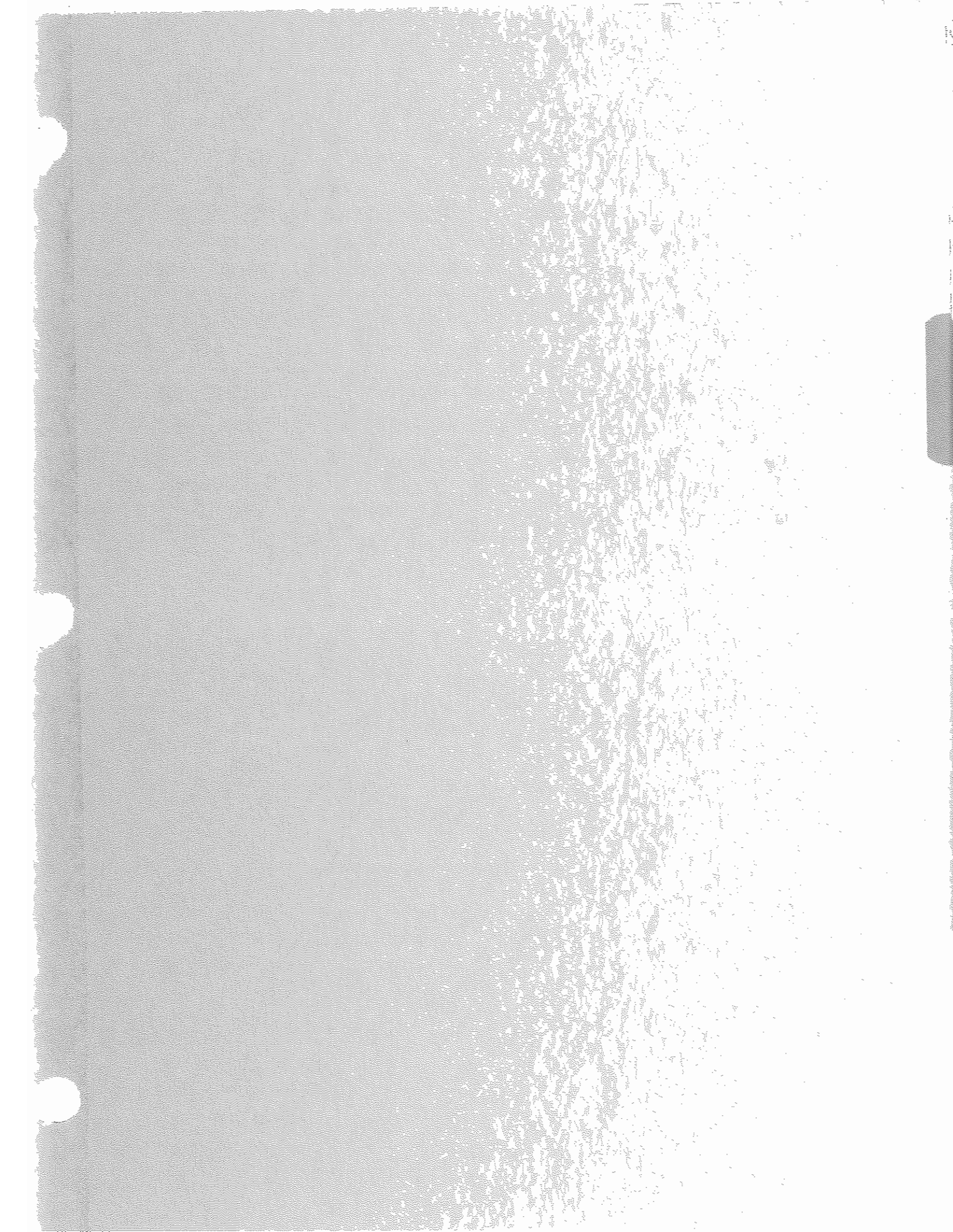


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Thursday, Oct.28/99

Memo to File

Having watched last night (Oct. 28/99) the fifth estate program on the CBC dealing with K.S., I decided to write down my recollection of an event that took place on Dec. 8, 1994. On that date,(Dec. 8/94) I traveled to New York to meet up with MBM for the purpose of attending a lunch at the invitation of K.S. on the occasion of Elmer MacKay's recent wedding. Elmer and his wife along with Barbell and others were in attendance. It was understood that ahead of the lunch K.S. wanted MBM to provide a report to him on his ongoing assignment of oversight internationally on behalf of K.S.'s corporate interests. At approximately 11:00 a.m., MBM and I proceeded to K.S.'s room and for approximately 1 ½ hrs. the two of them discussed various aspects about MBM's assignment as well as a number of matters where MBM saw opportunities in the international arena. K.S. provided some materials to MBM about some projects he was pursuing. At the end of the discussions K.S. handed over an envelope indicating that a payment for services and expenses were included. I was present throughout the discussion period. At the end of the 1 ½ hrs (approx) we all went down to the restaurant together to join the other guests at the Elmer MacKay luncheon. Lunch lasted for about 1 ½ hrs and MBM and I left together.

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