

Commission of Inquiry into Certain Allegations
Respecting Business and Financial Dealings
Between Karlheinz Schreiber and
the Right Honourable Brian Mulroney



Commission d'enquête concernant les allégations
au sujet des transactions financières et
commerciales entre Karlheinz Schreiber et
le très honorable Brian Mulroney

Public Hearing

Audience publique

Commissioner

L'Honorable juge /
The Honourable Justice
Jeffrey James Oliphant

Commissaire

Held at:

Bytown Pavillion
Victoria Hall
111 Sussex Drive
Ottawa, Ontario

Friday, May 15, 2009

Tenue à :

pavillion Bytown
salle Victoria
111, promenade Sussex
Ottawa (Ontario)

le vendredi 15 mai 2009

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1 Ottawa, Ontario / Ottawa (Ontario)
2 --- Upon resuming on Friday, May 15, 2009
3 at 9:34 a.m. / L'audience reprend le vendredi
4 15 mai à 9 h 34
5 38129 COMMISSIONER OLIPHANT: Good morning,
6 counsel.
7 38130 Be seated, please.
8 38131 Mr. Wolson, good morning.
9 PREVIOUSLY SWORN: THE RIGHT HON. BRIAN MULRONEY /
10 SOUS LE MÊME SERMENT : LE TRÈS HON. BRIAN MULRONEY
11 38132 MR. WOLSON: Good morning, sir.
12 38133 In terms of timing, we are at this
13 situation. I don't think, given the fact that you have
14 a commitment, an airplane to catch to attend to a
15 matter that you talked about yesterday, your knee, I
16 don't think that we will be able to finish with
17 Mr. Mulroney today in my examination.
18 38134 You had indicated to me that you
19 wanted to terminate proceedings today at 3 o'clock and
20 that being the case, I will have a better idea at noon
21 hour when we take a lunch break, how much more I have
22 to do. But I don't think that we will be able to
23 finish today.
24 38135 I don't think that will affect our
25 overall schedule, because there are other counsel after

1 me that may have questions for Mr. Mulroney.

2 38136 I have told his counsel. I have told
3 all counsel of the dilemma that we have, and you may
4 wish to make a comment or two on it.

5 38137 COMMISSIONER OLIPHANT: Well, thank
6 you.

7 38138 I have arranged for a medical
8 appointment in Winnipeg with a doctor and will be
9 returning there. I got a flight for this afternoon and
10 it would be very convenient for me to be able to
11 terminate this afternoon at 3:00 rather than 3:30.

12 38139 You are not going to get that much
13 further in half an hour, in any event, and Mr. Mulroney
14 will have to come back -- I'm sorry about that -- for
15 cross-examination perhaps by Mr. Auger.

16 38140 I want you to have all the time you
17 need as well, Mr. Wolson, to complete. I don't want
18 you having to hurry to finish your job today.

19 38141 So I think what we will do is we will
20 see where we are at noon. We can make a decision on
21 the length of the lunch hour, but we will be
22 terminating this afternoon at 3 o'clock.

23 38142 I hope that doesn't inconvenience
24 anybody too much, but I note that it is also a long
25 weekend and that may be of assistance to some.

1 CONTINUED EXAMINATION: THE RIGHT HON. BRIAN MULRONEY

2 BY MR. WOLSON /

3 INTERROGATOIRE (SUITE): LE TRÈS HON. BRIAN MULRONEY

4 PAR Me WOLSON

5 38143 MR. WOLSON: Good morning,

6 Mr. Mulroney.

7 38144 THE RIGHT HON. BRIAN MULRONEY: Good

8 morning, sir.

9 38145 MR. WOLSON: We spent a good part of
10 yesterday talking about the contacts that you had with
11 Karlheinz Schreiber and there are some others that I
12 want to refer you to this morning.

13 38146 You indicated yesterday that you saw
14 Schreiber through either Fred Doucet or Elmer MacKay.

15 38147 That is so?

16 38148 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 sir.

18 38149 MR. WOLSON: That he had access
19 through them and also saw a number of your Ministers
20 and high-ranking public officials.

21 38150 You know that?

22 38151 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 sir.

24 38152 MR. WOLSON: You met with him --
25 which we will get into in detail -- on four occasions:

1 one at Harrington Lake on the 23rd of June.

2 38153 You agree with that?

3 38154 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 38155 MR. WOLSON: You met with him on

5 three other occasions: Mirabel, Queen Elizabeth and at

6 the Pierre Hotel, the last meeting being the 8th of

7 December 1994 at the Pierre Hotel.

8 38156 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 38157 MR. WOLSON: On each of the last

10 three meetings he presented you with retainer monies.

11 38158 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 38159 MR. WOLSON: In cash.

13 38160 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 38161 MR. WOLSON: Your defender after --

15 one of your defenders, after the whole issue had come

16 up with the Letter of Request, the court Palais de

17 Justice, the discovery I should say, the civil trial

18 which was aborted at the last minute with the

19 government making a settlement with you, one of your

20 defenders was Bill Kaplan who wrote a book and defended

21 your reputation over the scandal.

22 38162 Is that so?

23 38163 THE RIGHT HON. BRIAN MULRONEY: Yes,

24 sir.

25 38164 MR. WOLSON: You took him into your

1 confidence and gave him access to you and to your
2 counsel and to those that were knowledgeable about the
3 matters surrounding the Letter of Request and lawsuit.

4 38165 THE RIGHT HON. BRIAN MULRONEY: I
5 think that is accurate, yes.

6 38166 MR. WOLSON: This is a man that you
7 told on December 2, 1997 that you knew Schreiber in a
8 peripheral way.

9 38167 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 38168 MR. WOLSON: Is that a true
11 statement?

12 38169 THE RIGHT HON. BRIAN MULRONEY: I
13 knew Schreiber in a peripheral way. It is a true
14 statement, yes, in the sense that I believe the context
15 of the question was the nature of personal
16 relationships.

17 38170 And I suppose, you know, if you
18 looked at my situation, that I of course would have
19 known my family and friends in an intimate way and I
20 would have known my senior Cabinet as close friends and
21 my advisors, and so on, and I would have known others
22 as good friends from Baie Comeau, and so on.

23 38171 But at that point in time I knew
24 Mr. Schreiber in a peripheral manner.

25 38172 I suppose that I perhaps could have

1 used a more descriptive phrase, but it wasn't intended
2 to be pejorative or misleading; it was just a comment.

3 38173 MR. WOLSON: Even though you had
4 entered into an agreement with Schreiber where
5 thousands of dollars passed hands, that still is a
6 peripheral relationship?

7 38174 THE RIGHT HON. BRIAN MULRONEY: Well,
8 yes it is. You can have --

9 38175 MR. WOLSON: I see.

10 38176 THE RIGHT HON. BRIAN MULRONEY: I
11 think, sir, you can have clients or partners or
12 investors who you do business with, but you might know
13 them in a less than intimate or friendly manner.

14 38177 MR. WOLSON: You knew he --

15 38178 THE RIGHT HON. BRIAN MULRONEY:
16 That's all -- that's all that was meant by that.

17 38179 MR. WOLSON: Yes. You knew that he
18 was writing a book to defend your honour.

19 38180 THE RIGHT HON. BRIAN MULRONEY: I
20 didn't know what the book would say.

21 38181 MR. WOLSON: Well, you knew at one
22 point that -- well, I'm sure he told you that he was
23 offended by what had happened to you and that he was
24 going to defend you. Obviously you had to know that.

25 38182 He approached you, as I understand

1 it --

2 38183 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 he did.

4 38184 MR. WOLSON: -- and told you that he
5 was upset with how you had been treated and that he
6 wanted, as an historian, to set the record straight.
7 He told you that.

8 38185 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 he did.

10 38186 MR. WOLSON: Yes. Do you not think
11 it would have been important to him to have told him
12 about the commercial legal business relationship with
13 Schreiber?

14 38187 THE RIGHT HON. BRIAN MULRONEY: I
15 don't mean to be technical, sir, but I think it is fair
16 to say that the book that Mr. Kaplan proposed to write
17 dealt with the Airbus matter. I think it's --
18 exclusively. That is the manner in which I was
19 approached through two of his friends. They approached
20 me saying he wants to write about the Airbus matter.

21 38188 And secondly I don't believe that in
22 any of the discussions we had, Mr. Kaplan himself ever
23 asked me about any nature of a commercial relationship
24 or otherwise.

25 38189 He asked me about the question that

1 you put and I responded the way I did in light of what
2 I believed to be the context of the question, as I have
3 told you: family, associates, advisors, fellow Cabinet
4 Ministers, and friends.

5 38190 MR. WOLSON: All right. So your view
6 is that you did not deceive him or tried to put your
7 relationship with Schreiber in a better light.

8 38191 Is that your view?

9 38192 THE RIGHT HON. BRIAN MULRONEY: No.
10 I think it is certainly true to say, given what
11 happened to me in 1995 in the Airbus matter where the
12 accusations of criminal wrongdoing were put forward and
13 promulgated in the media widely with, as we know now,
14 no evidence whatsoever for it, clearly I was aware that
15 if there had been in that context further comment in
16 that regard, it wouldn't have been helpful obviously.

17 38193 I was aware of that, but I was also
18 aware of my obligation to be truthful under oath and I
19 was, as I told you yesterday.

20 38194 MR. WOLSON: Well, when you were
21 talking to Mr. Kaplan, you didn't have to concern
22 yourself with the four corner rule that we talked about
23 yesterday.

24 38195 THE RIGHT HON. BRIAN MULRONEY: Well,
25 that's precisely why.

1 38196 MR. WOLSON: Yes.

2 38197 THE RIGHT HON. BRIAN MULRONEY: He
3 came to me -- he came to me through personnes
4 interposées and he asked to write a book about Airbus,
5 and I was happy to deal with him on that basis, happy
6 to deal with him. And I dealt with him truthfully.

7 38198 I think he has written or testified
8 that he himself never asked me the question about any
9 commercial relationships with -- I believe that to be
10 the case. I may be wrong, but I think it's true.

11 38199 And that had he asked me, I would
12 have been truthful with him.

13 38200 MR. WOLSON: You see, he too -- and
14 he did testify about that. But he too, like your
15 examiner, Mr. Sheppard, he too didn't know about your
16 commercial relationship with Mr. Schreiber. So if he
17 didn't know about it and he were told you knew the man
18 in a peripheral way, I suppose quite frankly the
19 average person would say: How would he know to ask a
20 question about further commercial involvements?

21 38201 But I think we have your point,
22 unless you want to say anything else.

23 38202 THE RIGHT HON. BRIAN MULRONEY: I
24 just wanted to say, sir, that, you know, you referred
25 again to Mr. Sheppard not knowing certain things. But

1 I thought that's what an examination on discovery was
2 all about.

3 38203 MR. WOLSON: Well, you knew he
4 couldn't go fishing.

5 38204 THE RIGHT HON. BRIAN MULRONEY:
6 Pardon?

7 38205 MR. WOLSON: You knew that he
8 couldn't go on a fishing expedition.

9 38206 THE RIGHT HON. BRIAN MULRONEY: I
10 knew that, but he was certainly entitled to ask a lot
11 more questions than he did and more specific questions.

12 38207 MR. WOLSON: I see.

13 38208 THE RIGHT HON. BRIAN MULRONEY: Look,
14 this might sound perhaps technical to some people, but
15 I ask you simply to remember the context again.

16 38209 At that point I am fighting for my
17 life and my family's honour. I am confronted by the
18 Government of Canada spending millions and millions of
19 dollars for top legal -- top-flight legal assistance,
20 and so on.

21 38210 As I indicated -- and I think it is
22 worth mentioning because it is important -- I had
23 offered the government full and complete cooperation
24 prior to the publication of the letter. They turned us
25 down flat. I walk into the courtroom in Montréal.

1 There are nine lawyers lined up there, I believe on
2 behalf of the Federal Government, and they are out to
3 destroy me. They are out to damage my family and me.

4 38211 And they have turned us down 14
5 months earlier and they have been as hostile as a man
6 can imagine ever since; difficult, demanding, brutal
7 and hostile to me and my representatives.

8 38212 So I am told to go in there and deal
9 with it in exactly the truthful manner that I did.

10 38213 But why was Mr. Sheppard there, sir?
11 He was there under Québec law, the equivalent of a
12 refined or confined examination on discovery. That is
13 what an examination on discovery was about: to learn
14 what he wanted to learn.

15 38214 It's not -- I don't think, and I
16 certainly was advised, that it wasn't my
17 responsibility, as I indicated, to say to Mr. Sheppard
18 or his eight colleagues who were there: By the way,
19 sir, you forgot to ask me this or you should have asked
20 me that.

21 38215 I may be wrong. Perhaps I
22 misconstrued what I ought to have done, but I was told
23 not to do that.

24 38216 MR. WOLSON: I see. All right.

25 38217 I'm going to move on, then. I just

1 wanted to get your view on that. We will come back to
2 Mr. Kaplan a little later on.

3 38218 I want to go back to the contacts
4 that you had with Mr. Schreiber.

5 38219 So if you could please take the
6 Compendium binder -- Mr. Hughes is going to give that
7 to you. Thank you, Mr. Hughes.

8 38220 If you would go, please, to Tab 8.

9 38221 THE RIGHT HON. BRIAN MULRONEY: M'hm.

10 38222 MR. WOLSON: The first document in
11 Tab 8 is Mr. Schreiber's diary.

12 38223 Are you there with me, sir?

13 38224 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 sir.

15 38225 MR. WOLSON: And it says, at "15:45
16 Elmer, Brian, Centre Block".

17 38226 Are you there?

18 38227 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 I am.

20 38228 MR. WOLSON: And then if you turn the
21 page, you have in your schedule "3:45 Mtg. Elmer
22 MacKay/Karlheinz Schreiber".

23 38229 Do you have that?

24 38230 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 I do. That's right.

1 38231 MR. WOLSON: What was discussed at
2 that meeting? Was that a meeting to discuss the Bear
3 Head Project?

4 38232 THE RIGHT HON. BRIAN MULRONEY: I
5 would assume so. It would have been organized by
6 Elmer.

7 38233 MR. WOLSON: Were all your meetings
8 with Mr. Schreiber about the Bear Head Project?

9 38234 THE RIGHT HON. BRIAN MULRONEY: I
10 believe so.

11 38235 MR. WOLSON: You didn't have social
12 get-togethers in terms of him coming with MacKay or
13 Doucet to just shoot the breeze?

14 38236 THE RIGHT HON. BRIAN MULRONEY: No.

15 38237 MR. WOLSON: Okay. So they were all
16 business?

17 38238 THE RIGHT HON. BRIAN MULRONEY: When
18 Mr. MacKay or Mr. Doucet was involved, they were
19 business.

20 38239 MR. WOLSON: All right. Then if you
21 turn the page --

22 38240 THE RIGHT HON. BRIAN MULRONEY: Look,
23 did we -- okay. Would Elmer have raised something
24 unrelated in a meeting? It's entirely possible. But
25 the object of the meeting was to --

1 38241 MR. WOLSON: So you could say this,
2 then, I would think. There was a social aspect to it,
3 but the predominant part was business.

4 38242 Would that be a fair statement?

5 38243 THE RIGHT HON. BRIAN MULRONEY: No,
6 it was an entirely business matter where social
7 comments by Elmer or Fred may have been made.

8 38244 MR. WOLSON: Not by Mr. Schreiber?

9 38245 THE RIGHT HON. BRIAN MULRONEY: Well,
10 he may have joined in, but not in any special way.

11 38246 MR. WOLSON: All right. Then if you
12 turn the page in Tab 8, May 6, 1992.

13 38247 THE RIGHT HON. BRIAN MULRONEY: M'hm.

14 38248 MR. WOLSON: So Mr. Schreiber is
15 writing you another letter.

16 38249 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 38250 MR. WOLSON: And the letter that he
18 writes to you says: "Dear Prime Minister".

19 38251 And it is the 6th of May 1992, so it
20 is one day after your meeting with him and MacKay:

21 "I would like to thank you very
22 much for finding the time to
23 meet with me yesterday
24 especially when you are so busy
25 with the constitutional issue.

1 I was also greatly heartened by
2 your sympathetic understanding
3 of the situation and your
4 determination to set things in
5 train."

6 38252 Which is an expression you have used
7 yesterday.

8 "As you recommended..."

9 38253 So he is saying to you that you
10 recommended this:

11 "As you recommended, we are now
12 working on a 2 page summary of
13 the actions necessary to realize
14 the project as you would like to
15 see it."

16 38254 Is that a true statement?

17 38255 THE RIGHT HON. BRIAN MULRONEY: No.

18 38256 MR. WOLSON: What happens to these
19 letters? I mean the man sends you letters and --

20 38257 THE RIGHT HON. BRIAN MULRONEY: M'hm.

21 38258 MR. WOLSON: For instance, when he
22 sent you the letter that you talked about yesterday,
23 the so-called blackmail letter well down in time, you
24 saw that letter?

25 38259 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 he sent it to my private fax in Montréal.

2 38260 MR. WOLSON: Okay. But letters that
3 he sent to you when you were the Prime Minister, you
4 say you never got them. You never saw them, never knew
5 of their existence?

6 38261 THE RIGHT HON. BRIAN MULRONEY: I did
7 not. I am completely unaware of ever having seen any
8 of these correspondences. I would be happy to tell you
9 if I had. I have no recollection of it. And I really
10 wasn't surprised, because by and large I was not given
11 the correspondence by lobbyists or by promoters of
12 various things. Your briefcases would have been filled
13 with nothing but and that did not take place.

14 38262 MR. WOLSON: I will continue on for a
15 minute.

16 38263 He says:

17 "As you recommended, we are now
18 working on a 2 page summary ...
19 to realize the project as you
20 would like to see it."

21 38264 THE RIGHT HON. BRIAN MULRONEY: M'hm.

22 38265 MR. WOLSON: And he goes on to say:
23 "The activity we will engage in
24 the next few days includes an
25 investigation of the situation

1 for establishment of the project
2 in East Montréal."

3 38266 THE RIGHT HON. BRIAN MULRONEY: M'hm.

4 38267 MR. WOLSON: Did you know that the
5 project was going to east Montréal --

6 38268 THE RIGHT HON. BRIAN MULRONEY: No.

7 38269 MR. WOLSON: -- as a proposal?

8 38270 THE RIGHT HON. BRIAN MULRONEY: I
9 explained to you yesterday I think, sir, that this
10 thing was being essentially reconfigured from time to
11 time, depending on the change in circumstances.

12 38271 MR. WOLSON: But did you know that
13 part of the reconfiguration was to go to Montréal?

14 38272 THE RIGHT HON. BRIAN MULRONEY: I
15 knew that they talked about that, yes.

16 38273 MR. WOLSON: All right. And he goes
17 on to say, in the third paragraph:

18 "I would also like to inform you
19 that after the meeting with you,
20 Elmer and I had a very good
21 meeting with Marcel Masse..."

22 38274 THE RIGHT HON. BRIAN MULRONEY: M'hm.

23 38275 MR. WOLSON:

24 "... and I expect to meet with
25 him again next week."

1 38276 Then he says:
2 "With regard to your
3 suggestion..."
4 38277 THE RIGHT HON. BRIAN MULRONEY: M'hm.
5 38278 MR. WOLSON:
6 "... that we get together when
7 you are in Munich, perhaps you
8 would ask one of your staff to
9 give me information on your
10 program, so that my family and I
11 can help you and your family to
12 enjoy your visit to our home
13 city."
14 38279 Of course, the offer he says -- he
15 makes you an offer on your suggestion.
16 38280 Did you make that suggestion to him?
17 38281 THE RIGHT HON. BRIAN MULRONEY: Of
18 course not. I am going to a G7 Summit, or whatever it
19 was in Munich, and I am asking Mr. Schreiber -- I make
20 a suggestion that during the G7 Summit that he and I
21 should get together when I have never, ever seen him
22 socially in my life except outside of fund raising
23 dinners, I guess?
24 38282 I would simply refer you to the
25 comments on Mr. Tellier's letters, Tellier's letter

1 yesterday, when Mr. Schreiber wrote to Mr. Tellier.
2 Mr. Tellier at six -- five or six occasions said in the
3 margins "not true", "I never said that", "this is
4 false" kind of thing.

5 38283 MR. WOLSON: That's part of the whole
6 point though, isn't it, sir. You have your senior
7 people who are surrounding you and protecting you --
8 you have told us that. Schreiber is writing false
9 statements to them or inaccurate statements to them
10 about a very project that you had a sincere desire to
11 see happen for the reasons you have articulated, all
12 proper reasons --

13 38284 THE RIGHT HON. BRIAN MULRONEY:
14 Excuse me.

15 38285 MR. WOLSON: Yes...?

16 38286 THE RIGHT HON. BRIAN MULRONEY: Until
17 I cancelled it.

18 38287 MR. WOLSON: Until you cancel it.

19 38288 THE RIGHT HON. BRIAN MULRONEY: Until
20 I killed the project.

21 38289 MR. WOLSON: You killed the project
22 but it kept coming back.

23 38290 THE RIGHT HON. BRIAN MULRONEY: In
24 different configurations.

25 38291 MR. WOLSON: Absolutely.

1 38292 THE RIGHT HON. BRIAN MULRONEY: And
2 you and I chatted yesterday --

3 38293 MR. WOLSON: Yes...?

4 38294 THE RIGHT HON. BRIAN MULRONEY: -- as
5 to why this was going on. I think we know part of the
6 answer now.

7 38295 We didn't know that he got
8 \$6.5 million on a project that had been cancelled by
9 me. We didn't know that. I told you --

10 38296 MR. WOLSON: Mr. Mulroney --

11 38297 THE RIGHT HON. BRIAN MULRONEY: --
12 that he kept coming back with these various amendments,
13 that's all.

14 38298 MR. WOLSON: Mr. Mulroney, the point,
15 though, to be made is they kept coming back and you
16 kept being interested in them for the very reason that
17 if, for instance, the project went to east Montréal
18 it's jobs and jobs are critical in areas where --

19 38299 THE RIGHT HON. BRIAN MULRONEY: Sure.

20 38300 MR. WOLSON: -- where they are
21 needed. And you as Prime Minister have said come and
22 bring me 1,000 jobs or 500 jobs and, you know, I will
23 go to -- I will go to the well for you if we can do it.

24 38301 THE RIGHT HON. BRIAN MULRONEY: I
25 would certainly be interested in it.

1 38302 MR. WOLSON: Yes. So the point is
2 that while you killed the project, the project wasn't
3 dead and kept coming back to you.

4 38303 THE RIGHT HON. BRIAN MULRONEY: It
5 was being resurrected.

6 38304 MR. WOLSON: Yes.

7 38305 THE RIGHT HON. BRIAN MULRONEY: And
8 in its new resurrected form I was being introduced to
9 it by Mr. Schreiber through Mr. MacKay. I saw him at
10 the request of Mr. MacKay.

11 38306 My loyalty and friendship and my
12 sense of obligation towards Mr. MacKay and what he had
13 done for me was not diminished by the fact that this
14 was no longer there, the possibility in eastern Nova
15 Scotia. So if Elmer wanted to see me, I certainly saw
16 him without hesitation.

17 38307 May I just for clarification say
18 something, sir?

19 38308 MR. WOLSON: Absolutely.

20 38309 THE RIGHT HON. BRIAN MULRONEY: I
21 wouldn't want you to assume -- and perhaps you don't --
22 that the fact that Mr. Tellier or Mr. Fowler had
23 negative impressions growing that they conveyed these
24 to me, I never saw the letter that Mr. Tellier -- on
25 which he wrote this is not true, I never saw that until

1 it was given to me in the light of this inquiry.

2 38310 MR. WOLSON: And he never said to you
3 or one of your other Ministers or Deputy Ministers,
4 look at, boss, we have a problem. This guy who is
5 coming to us all the time is a bit of a prevaricator.

6 38311 THE RIGHT HON. BRIAN MULRONEY: No,
7 he --

8 38312 MR. WOLSON: He is not being
9 truthful.

10 38313 THE RIGHT HON. BRIAN MULRONEY: No
11 one ever said that to me.

12 38314 MR. WOLSON: I see.

13 38315 THE RIGHT HON. BRIAN MULRONEY: The
14 only communication I had from Mr. Tellier, the only
15 communication I had, was after he had some kind of a
16 disagreeable incident in his office, or an unpleasant
17 incident in his office, with Mr. Schreiber and
18 Mr. Doucet, I believe. And he called me to tell me
19 about it.

20 38316 It registered with me, but I knew
21 full well that Paul Tellier didn't need any direction
22 from me as to how to deal with people who were
23 conducting themselves in a less than polite manner. He
24 knew -- he had been around the Mulberry Bush, believe
25 me, and he knew all about how to handle these people.

1 38317 MR. WOLSON: If it registered with
2 you, would it not have had the effect of putting up a
3 caution flag at least that this guy may be not what he
4 appears to be, the gregarious, pleasant, polite
5 Mr. Schreiber that you had described?

6 38318 THE RIGHT HON. BRIAN MULRONEY: I
7 think you are right. Had this been brought to my
8 attention -- let's focus for one second on the Tellier
9 letter.

10 38319 Had that been brought to my
11 attention, the various comments that Paul made on
12 that -- and you know, I'm responding to a question of
13 some 12 or 15 years ago, so there may be some
14 exceptions to this.

15 38320 But I just assume that if I had that
16 letter, I would have said to Elmer: Elmer, what the
17 hell is going on here? I have a note from Paul
18 Tellier, who is absolutely incorruptible, who is as
19 tough as nails, and he's -- not only did he phone me,
20 after the phone call he sent me a copy of another
21 letter where he has written "untrue", and so on, on it.
22 What the hell is going on here with this guy?

23 38321 I never got that.

24 38322 MR. WOLSON: You have said that
25 initially, when the Bear Head Project had come to you,

1 you thought that it wasn't going to cost the government
2 any money.

3 38323 THE RIGHT HON. BRIAN MULRONEY: No,
4 I'm sorry, I didn't say that. I said that there were
5 going to be infrastructure costs associated with the
6 project, both from us and the Government of Nova
7 Scotia, but not exceptional in any way.

8 38324 That was my original belief. Indeed,
9 if you go back to the letter -- the first written
10 communication that my government received from Thyssen
11 in 1985, in a letter from Thyssen to Sinclair Stevens,
12 who was then Minister of Industrial Development, you
13 will see that -- it's very clear there is an
14 implication that no cost at all was going to be
15 involved in this, and, I think I am right in saying
16 this, no suggestion that the Government of Canada would
17 be on the hook for 250 of these vehicles as a
18 preliminary cost.

19 38325 MR. WOLSON: All right. So you start
20 with the letter that you say you were aware of --

21 38326 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 38327 MR. WOLSON: -- where there was going
23 to be no cost. That's the first --

24 38328 THE RIGHT HON. BRIAN MULRONEY: I
25 think that's right, sir.

1 38329 MR. WOLSON: All right. Then you
2 learn that there are going to be costs, but they are
3 modest in comparison to the good that it will do for
4 that area of the country.

5 38330 THE RIGHT HON. BRIAN MULRONEY:
6 That's right.

7 38331 MR. WOLSON: Then you find out in
8 1990, from your chief of staff, Norm Spector, that it's
9 going to be as much as \$765 million.

10 38332 THE RIGHT HON. BRIAN MULRONEY:
11 M'hmm.

12 38333 MR. WOLSON: Your answer is yes?

13 38334 THE RIGHT HON. BRIAN MULRONEY: I
14 think what Norm told me that day in the car was that it
15 was going to be either a minimum of \$100 million or
16 \$200 million more than anything that I had ever seen.

17 38335 I think that Norm believed that I
18 believed, which was true, that this was going to be
19 essentially cost-free.

20 38336 MR. WOLSON: When you found that
21 out -- I mean, \$100 million, \$200 million doesn't seem
22 like much when you say it quickly --

23 38337 THE RIGHT HON. BRIAN MULRONEY: Yeah.

24 38338 MR. WOLSON: -- but when you found
25 that out, wouldn't you have thought: My, I am being

1 deceived here. I am being given a sale of goods. I am
2 told that this is either going to cost the government
3 nothing, or it's going to be something modest that
4 would be outweighed by the good that it would do for
5 that part of the country.

6 38339 And now you are told that it's \$100
7 million --

8 38340 THE RIGHT HON. BRIAN MULRONEY: Yeah.

9 38341 MR. WOLSON: I think there is an
10 aide-mémoire that we talked about yesterday that said
11 as high as \$765 million.

12 38342 Wouldn't that have put a caution in
13 your mind that maybe someone is trying to sell you a
14 bill of goods which is faulty?

15 38343 THE RIGHT HON. BRIAN MULRONEY: It's
16 not unusual that there are cost overruns in proposals
17 to government. It's not unusual that business plans --
18 and I don't believe there was one here -- that business
19 plans turn out to be less than accurate in their
20 forecasts, and it happens fairly often.

21 38344 I think the first costs for the
22 development of the Mirabel airport some years ago were
23 about \$50 million for openers and a couple of hundred
24 after that. It was \$6 billion by the time they got it
25 done, and they had to shut it down because there was no

1 business.

2 38345 MR. WOLSON: So from zero to \$200
3 million is acceptable?

4 38346 THE RIGHT HON. BRIAN MULRONEY: It
5 was certainly unacceptable in the economic straights in
6 which we found ourselves, in the middle of a recession.

7 38347 Obviously I wasn't pleased, because I
8 killed the project. But was I startled by the fact
9 that it had gone up? No. That happens frequently in
10 government.

11 38348 MR. WOLSON: All right. Let's
12 continue on with Tab 8. If you turn the page, you will
13 see a letter from Schreiber to you, telling you that
14 "We just had conducted" -- about the meeting that he
15 had with Marcel Masse. That's a May 6th letter.

16 38349 If you flip the page, there is a May
17 13th letter from Schreiber to Mr. Masse.

18 38350 Do you have that, sir?

19 38351 THE RIGHT HON. BRIAN MULRONEY: I'm
20 sorry, what tab?

21 38352 MR. WOLSON: Tab 8.

22 38353 If you go about three in at Tab 8,
23 you should find May 13th, '92 in the right-hand corner.

24 38354 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 38355 MR. WOLSON: This is the continuation

1 of the May discussion that we are having, and you will
2 see a letter to Marcel Masse from Schreiber, talking
3 about going to East Montreal.

4 38356 I want to point out, on the second
5 page of the letter, in the penultimate paragraph, that
6 Schreiber says to Minister Masse:

7 "You must understand that I
8 cannot proceed as agreed with
9 the Prime Minister to organize
10 the necessary funding, nor can a
11 draft contract be proposed until
12 you and I have reached agreement
13 through a Memorandum of
14 Understanding."

15 38357 Do you see that?

16 38358 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 38359 MR. WOLSON: So he is telling Marcel
18 Masse, who is your Minister of National Defence at the
19 time -- right?

20 38360 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 38361 MR. WOLSON: He is telling Mr. Masse:
22 I cannot proceed as agreed with the Prime Minister.

23 38362 So he is throwing your name around
24 again.

25 38363 THE RIGHT HON. BRIAN MULRONEY:

1 Obviously.

2 38364 MR. WOLSON: Did Marcel Masse come to
3 you and say, as you had instructed your ministers:
4 Prime Minister, I've got this man coming to me about
5 something he says you agreed to. What is your
6 instruction on it?

7 38365 Did Mr. Masse do that?

8 38366 THE RIGHT HON. BRIAN MULRONEY: No,
9 he didn't.

10 38367 And I don't think, in fairness to
11 both Mr. Schreiber and Mr. Masse, that this was covered
12 by the injunction that I gave the ministers. I simply
13 said to the ministers: If people go into your office
14 and purport to say that the Prime Minister wants this,
15 or the PMO wants that -- and they are speaking clearly
16 in my name -- first throw them out, and secondly, call
17 me.

18 38368 This, I don't think, falls within the
19 purview of that interdiction.

20 38369 MR. WOLSON: "I cannot proceed as
21 agreed with the Prime Minister" is outside that
22 purview, in your opinion.

23 38370 THE RIGHT HON. BRIAN MULRONEY: Well,
24 first of all, I didn't see the letter. I never got a
25 copy of this letter.

1 38371 MR. WOLSON: No, but that's not the
2 point. You see it now, and I say to you that it was
3 sent to Mr. Masse.

4 38372 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 38373 MR. WOLSON: Mr. Masse didn't come to
6 you and say: Prime Minister, this is the letter that I
7 received. He is using your name that you and he agreed
8 on something. I am coming to you because you have told
9 me, Prime Minister, that I should --

10 38374 THE RIGHT HON. BRIAN MULRONEY: No,
11 he did not.

12 38375 MR. WOLSON: -- be visiting you in
13 these circumstances.

14 38376 THE RIGHT HON. BRIAN MULRONEY: No,
15 he did not.

16 38377 MR. WOLSON: He didn't come to you.
17 Okay.

18 38378 The same tab, next page -- May 13th,
19 '92, a letter from Schreiber to you.

20 38379 THE RIGHT HON. BRIAN MULRONEY: Yeah.

21 38380 MR. WOLSON:
22 "Subsequent to our meeting of
23 last week and the meeting with
24 the Hon. Marcel Masse, I am
25 pleased to inform you I have now

1 had very encouraging meetings
2 with representatives of the
3 Premier and officials
4 from Quebec, and with four
5 senior Army Generals."

6 38381 And he goes on to tell you about
7 that.

8 38382 That's not a letter you have seen
9 either?

10 38383 THE RIGHT HON. BRIAN MULRONEY: No.

11 38384 Any more, I may say -- I understand
12 that it was raised as part of the mandate -- any more
13 than, for example, Prime Minister Harper would have
14 seen any of -- all of that correspondence, or Prime
15 Minister Chrétien, or anybody. In my experience, it
16 just doesn't happen that this kind of information is
17 automatically conveyed to the Prime Minister.

18 38385 MR. WOLSON: You better watch what
19 you say, sir, or we will have to get you back for Part
20 2 when we do the policy on letters and things like
21 that.

22 38386 We will continue on to Tab No. 9.

23 38387 THE RIGHT HON. BRIAN MULRONEY: I
24 have enjoyed this experience so much that I would be
25 delighted to return.

1 --- Laughter / Rires

2 38388 MR. WOLSON: Watch what you wish for.

3 38389 COMMISSIONER OLIPHANT: With bells

4 on?

5 38390 THE RIGHT HON. BRIAN MULRONEY: Yes,

6 sir.

7 38391 MR. WOLSON: Let me put this in

8 perspective when I refer you to Tab 9.

9 38392 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 38393 MR. WOLSON: Apparently, Schreiber

11 is -- and he has testified to this, that he is often

12 out of the country. You knew that, you told Mr.

13 Sheppard about that.

14 38394 THE RIGHT HON. BRIAN MULRONEY:

15 M'hmm.

16 38395 MR. WOLSON: I would really like to

17 get you to say yes --

18 38396 THE RIGHT HON. BRIAN MULRONEY: Yes,

19 I'm sorry.

20 38397 MR. WOLSON: -- or anything else you

21 would like to say.

22 38398 So we have Schreiber out of the

23 country. This is Fred Doucet's daytimer. November

24 23rd --

25 38399 Are you there?

- 1 38400 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 I am.
- 3 38401 MR. WOLSON: At 1500 hours it says
4 "Karlheinz is in town."
- 5 38402 Do you see that on the left-hand side
6 of the page?
- 7 38403 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 I do.
- 9 38404 MR. WOLSON: Then, if you turn over
10 to the right side of that page, November 24th,
11 Schreiber has come into town, and you see, at four
12 o'clock on the 24th, that Mr. Doucet has a circle
13 around 1600 hours, and an arrow down to "PM" at the
14 bottom of the page.
- 15 38405 Do you see that?
- 16 38406 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 I do.
- 18 38407 MR. WOLSON: Indicating, he said, a
19 meeting with the Prime Minister.
- 20 38408 If you flip the page over, this is
21 now back to Schreiber's diary, and if you go to the
22 24th of November, he has at 4:30, "Centre Block -- PM."
- 23 38409 Do you see that?
- 24 38410 November 24th at 1630 hours.
- 25 38411 THE RIGHT HON. BRIAN MULRONEY:

1 "1630 -- Centre Block" --

2 38412 MR. WOLSON: It's "1630 PM" that he
3 has.

4 38413 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 38414 MR. WOLSON: "PM" meaning you, sir,
6 he said.

7 38415 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 38416 MR. WOLSON: Do you see that?

9 38417 THE RIGHT HON. BRIAN MULRONEY: Yes.
10 It says "1630 PM," in the afternoon, "Centre Block --
11 Paul Smith."

12 38418 MR. WOLSON: Yes, but he's not saying
13 "p.m.", afternoon, according to Schreiber; "PM" being
14 Prime Minister.

15 38419 Then, when you key that back to the
16 previous page, you have Mr. Doucet also having: 1600
17 hours -- Prime Minister.

18 38420 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 38421 MR. WOLSON: Go to the next page, if
20 you will.

21 38422 Schreiber has come into town. He
22 says that he has seen you on the 24th. Now, on the
23 25th, at nine o'clock, there is a German word meaning
24 breakfast -- "PM Mulroney".

25 38423 Do you see that?

1 38424 THE RIGHT HON. BRIAN MULRONEY: I see
2 that, yeah.

3 38425 MR. WOLSON: So the man has just come
4 back into town from Germany --

5 38426 THE RIGHT HON. BRIAN MULRONEY:
6 M'hmm.

7 38427 MR. WOLSON: -- and he has seen you
8 on the 24th, according to him. He is now having
9 breakfast with you on the 25th.

10 38428 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 38429 MR. WOLSON: And if you turn the
12 page, please, one more page -- November 25th, which is
13 the day that Schreiber says he is having breakfast with
14 you, you have at nine o'clock, "Private breakfast --
15 MacKay/McLaughlin".

16 38430 Right?

17 38431 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 38432 MR. WOLSON: If you turn the page,
19 you have a letter -- December 3rd -- so about a week
20 later, after the 24th, Schreiber is again sending you a
21 letter:

22 "First I want to thank you for
23 providing me the great honour of
24 again being a guest at your home
25 for a most delightful breakfast

1 and constructive discussion."
2 38433 So he is saying in this letter that
3 he had breakfast at your home.
4 38434 Is the breakfast -- if you go back
5 one page, the private breakfast that you have is at 24
6 Sussex.
7 38435 THE RIGHT HON. BRIAN MULRONEY:
8 That's right.
9 38436 MR. WOLSON: Schreiber is saying that
10 he is at your home at 24 Sussex having breakfast.
11 38437 THE RIGHT HON. BRIAN MULRONEY: Yes.
12 38438 MR. WOLSON: So the man just gets in
13 from Germany, he meets you on the 23rd -- I'm sorry, on
14 the 24th. He gets in on the 23rd, he meets you on the
15 24th at Centre Block, and on the 25th he's having
16 breakfast with you at your home.
17 38439 THE RIGHT HON. BRIAN MULRONEY: Yeah.
18 I have no recollection of meeting him on the 23rd, but
19 I think this is the breakfast that I told you about
20 yesterday --
21 38440 MR. WOLSON: With the photograph.
22 38441 THE RIGHT HON. BRIAN MULRONEY: --
23 with the photograph.
24 38442 MR. WOLSON: Yes.
25 38443 THE RIGHT HON. BRIAN MULRONEY: And I

1 think -- in his letter, he also says:

2 "Thank you for asking David
3 McLaughlin (sic) with overseeing
4 the progress of Thyssen."

5 38444 David MacLaughlin, at that time,
6 would have been one of the deputies to the chief of
7 staff, and it would not have been unusual --

8 38445 First, he was at the meeting. I
9 remember seeing that photo. The meeting seemed to be
10 myself, Elmer MacKay, Fred Doucet, David MacLaughlin --

11 38446 MR. WOLSON: And Karlheinz Schreiber?

12 38447 THE RIGHT HON. BRIAN MULRONEY: --
13 and Mr. Schreiber, and that's the one that there was a
14 picture of.

15 38448 So Elmer, clearly, would have asked
16 me to see him, and my schedule didn't allow it at
17 certain times, and I said to Elmer: Why don't you come
18 by for breakfast, or what have you, I am free on
19 such-and-such a day.

20 38449 That's the way, I assume, it worked
21 out.

22 38450 MR. WOLSON: And this was after you
23 had cancelled the Bear Head Project.

24 38451 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 but it's also after the resurrection and

1 reconfiguration.

2 38452 Remember the \$6.5 million, sir. The
3 Energizer bunny is at work, and he is trying, I
4 assume -- and I can't blame him -- to try to
5 reconfigure this to get it accepted somewhere.

6 38453 MR. WOLSON: And I am thinking more
7 of the \$1.6 billion.

8 38454 THE RIGHT HON. BRIAN MULRONEY: So am
9 I.

10 38455 MR. WOLSON: All right.

11 38456 THE RIGHT HON. BRIAN MULRONEY: And
12 we knew nothing, you and I, about either.

13 38457 MR. WOLSON: All right, let's
14 continue.

15 "Bärbel and I do very much look
16 forward to the opportunity when
17 we can host you and Mila in one
18 of our homes, so that we may
19 return your kind hospitality."

20 38458 Did you know his wife?

21 38459 THE RIGHT HON. BRIAN MULRONEY: At
22 that time, no.

23 38460 MR. WOLSON: Okay.

24 "Enclosed you will find the
25 promised 'Echinaforce'."

1 38461 THE RIGHT HON. BRIAN MULRONEY: I met
2 her subsequently. I was introduced to her, a lovely
3 lady.

4 38462 MR. WOLSON:

5 "Enclosed you will find the
6 promised."

7 -- there is a word -- "Echinaforce", I think:

8 "from the renowned Dr. A. Vogel
9 company of Switzerland. This
10 herbal extract is the 'secret
11 weapon' of the medical doctors
12 in Europe. As I mentioned, the
13 medicine boosts the strength of
14 the human immune system. I can
15 confirm to you that my family is
16 using this product.
17 This medicine was obtained in
18 Ottawa."

19 -- and he tells you where you could get it.

20 "Thank you for asking David
21 McLaughlin (sic) with overseeing
22 the progress of the Thyssen."

23 38463 I don't think he is trying to sell
24 you the product, I think he is trying to help you here.

25 "Thank you for asking David

1 McLaughlin (sic) with overseeing
2 the progress of the
3 Thyssen.proposal on your behalf.

4 Also I have had a very constructive discussion
5 with.Jean Corbeil, and I wish to express to you the
6 confidence which I have in his support and
7 involvement."

8 38464 He wishes you and your family a
9 healthy and happy Christmas and New Year, and he signs
10 it, and then he says:

11 "Warm wishes to you and your
12 family from Bärbel."

13 38465 THE RIGHT HON. BRIAN MULRONEY:

14 M'hmm.

15 38466 I think a relevant point in the
16 letter -- because you asked me a few seconds ago about
17 the fact that the project had been killed, and here it
18 is back again -- is the reference to Corbeil.

19 38467 Jean Corbeil, apart from being
20 Minister of Transport, was also the Minister
21 responsible for Economic Development in Montreal. So
22 the fact that he has been referred to, and the meetings
23 had begun, obviously, leads me to conclude that that
24 reconfiguration, or re-proposal, was completed and they
25 were working on something in Quebec at that time.

1 38468 And I must say that I can't remember
2 using the herbal extract which is the "secret weapon"
3 of the medical doctors in Europe. I don't think I
4 sampled that.

5 38469 MR. WOLSON: Maybe there is a market
6 for further development.

7 38470 Let me go on to Tab 10.

8 38471 I'm sorry, let me take you back to
9 Tab 9 for a second. If you go to the same --

10 38472 Let me direct you for one second
11 here.

12 38473 If you go to the third document at
13 Tab 9 --

14 38474 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 sir.

16 38475 MR. WOLSON: -- you see on the 25th
17 that you have -- and we have gone over this -- he has a
18 German word, and then it says "Prime Minister
19 Mulroney".

20 38476 THE RIGHT HON. BRIAN MULRONEY:
21 M'hmm.

22 38477 MR. WOLSON: This is the breakfast at
23 24 Sussex that we have been talking about. Right?

24 38478 THE RIGHT HON. BRIAN MULRONEY: I
25 don't know, but if you say so --

1 38479 MR. WOLSON: Well, we have just gone
2 through all of these documents --

3 38480 THE RIGHT HON. BRIAN MULRONEY: Yeah,
4 okay.

5 38481 MR. WOLSON: If you go to the right
6 side of that page, which would be the 26th, at 10:30 he
7 has a meeting with David MacLaughlin.

8 38482 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 38483 MR. WOLSON: So the scenario is,
10 according to the documents at least -- and you have now
11 seen a photograph of that 24 Sussex breakfast -- that
12 Schreiber gets into town on the 23rd, according to
13 Doucet's diary and according to Schreiber's diary, they
14 meet with you on the 24th --

15 38484 THE RIGHT HON. BRIAN MULRONEY: No,
16 they don't meet with me on the 24th. I have absolutely
17 no recollection of meeting with them on the 24th.

18 38485 And you can be pretty certain that I
19 didn't meet with them, because a meeting was clearly
20 scheduled for the next morning.

21 38486 That would not have happened. It may
22 very well be that that's the way it was scheduled, and
23 then I was unable to meet that timeframe and said to
24 Elmer: Come by for breakfast, or --

25 38487 MR. WOLSON: Do you remember that you

1 didn't meet on the 24th?

2 38488 THE RIGHT HON. BRIAN MULRONEY: I
3 remember the breakfast, because I have seen a photo of
4 it.

5 38489 MR. WOLSON: Yes.

6 38490 THE RIGHT HON. BRIAN MULRONEY: But I
7 have no -- this would have been quite exceptional, to
8 see -- unless there was a specific request from Elmer
9 for a particular thing, no, I wouldn't have seen him on
10 one day and seen him for breakfast the next day.

11 38491 MR. WOLSON: Some might say the whole
12 thing is exceptional that he has this kind of access,
13 but --

14 38492 THE RIGHT HON. BRIAN MULRONEY: But I
15 think we discussed that, sir; that his access comes
16 from his friendship with a senior cabinet minister,
17 whose friendship I not only respected, but
18 reciprocated.

19 38493 MR. WOLSON: I guess, at the end of
20 the day, whether he has access because he is your best
21 friend or he has access because he has access through a
22 good friend, the point is, he has access.

23 38494 THE RIGHT HON. BRIAN MULRONEY: I
24 think that's true, sir.

25 38495 MR. WOLSON: All right. On that same

1 page, you see at 1030 that he has a meeting at the
2 Prime Minister's Office: David MacLaughlin, 1030.

3 38496 Do you see that?

4 38497 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 I do.

6 38498 MR. WOLSON: So his letter that he
7 has sent, where he thanks you for setting him up with
8 Mr. MacLaughlin, seems to, at least, be borne out in
9 the documentation.

10 38499 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 I clearly had asked David MacLaughlin to take a look at
12 this, or to receive somebody, yeah.

13 38500 MR. WOLSON: Sure.

14 38501 Look at, turning the tab to Tab 10,
15 June 3rd.

16 38502 THE RIGHT HON. BRIAN MULRONEY: June
17 3rd?

18 38503 MR. WOLSON: June 3rd, if you will,
19 please, sir.

20 38504 June 3rd at 1530 hours, he has "PM
21 meeting".

22 38505 THE RIGHT HON. BRIAN MULRONEY: I see
23 that, yes.

24 38506 MR. WOLSON: All right. If you turn
25 the page --

1 38507 COMMISSIONER OLIPHANT: I'm sorry;
2 what year is this? Can you help me?

3 38508 MR. WOLSON: 1993.

4 38509 If you turn the page, you have a
5 document which is an excerpt from Fred Doucet's diary,
6 also of June 3rd, '93: "3:30 -- PM -- K. Schreiber --
7 Centre Block."

8 38510 You see that?

9 38511 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 sir.

11 38512 MR. WOLSON: If you turn the page, we
12 have your June schedule. Looking at 3:30 on Thursday,
13 June 3rd, you have "Private meeting".

14 38513 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 38514 MR. WOLSON: If you turn the page,
16 you have in your schedule for June 3rd: "Meeting --
17 Fred Doucet".

18 38515 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 38516 MR. WOLSON: Obviously, Schreiber
20 came along.

21 38517 THE RIGHT HON. BRIAN MULRONEY: I
22 think that it's not unusual in any way that a
23 photograph was taken of that one.

24 38518 MR. WOLSON: Turn the page, and the
25 photograph is there.

1 38519 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 there you are.

3 38520 MR. WOLSON: That would be the Prime
4 Minister of Canada seated next to Karlheinz Schreiber,
5 and across the way is Fred Doucet -- across from you is
6 Fred Doucet -- and across from Schreiber is Mr.
7 MacLaughlin?

8 38521 THE RIGHT HON. BRIAN MULRONEY: David
9 MacLaughlin.

10 38522 MR. WOLSON: Is he, then, your chief
11 or deputy chief of staff?

12 38523 THE RIGHT HON. BRIAN MULRONEY: When
13 Hugh Segal left -- Hugh left, I think, on the 1st of
14 June, so David replaced Hugh --

15 38524 I was on my way out for --

16 38525 He replaced him for a couple of
17 weeks. So maybe by the 3rd -- he was either the deputy
18 or the chief of staff.

19 38526 David MacLaughlin was a great young
20 guy from New Brunswick.

21 38527 MR. WOLSON: Now, at the June 3rd
22 meeting there is a photograph taken, and it is being
23 displayed. You see it.

24 38528 THE RIGHT HON. BRIAN MULRONEY:
25 M'hmm.

1 38529 MR. WOLSON: Your answer is.?

2 38530 THE RIGHT HON. BRIAN MULRONEY: I'm
3 sorry. Yes, indeed.

4 38531 MR. WOLSON: What was discussed at
5 that meeting?

6 38532 THE RIGHT HON. BRIAN MULRONEY: I
7 have no recollection of the discussion, but I think I
8 can conclude, with the documents you have conveyed to
9 me, that inasmuch as at one of the earlier meetings I
10 had asked David to take a look at this, and it was tied
11 into his references to Jean Corbeil, I have to assume
12 that they would have discussed something about the
13 graduation of the project to either another phase or
14 another area.

15 38533 MR. WOLSON: Was there a social
16 aspect to it?

17 38534 THE RIGHT HON. BRIAN MULRONEY: No.

18 38535 MR. WOLSON: Exchanging pleasantries?
19 38536 Obviously that would have happened,
20 you are all civil people.

21 38537 THE RIGHT HON. BRIAN MULRONEY: Yeah,
22 of course.

23 38538 MR. WOLSON: How long was the
24 meeting?

25 38539 THE RIGHT HON. BRIAN MULRONEY: The

1 schedule indicates about 30 minutes.

2 38540 MR. WOLSON: And you have no
3 recollection of the meeting?

4 38541 THE RIGHT HON. BRIAN MULRONEY: None.

5 38542 MR. WOLSON: None at all.

6 38543 THE RIGHT HON. BRIAN MULRONEY: No.

7 If we hadn't had this photo, I would have no
8 recollection of it at all.

9 38544 MR. WOLSON: All right. Were
10 documents prepared or given to you?

11 38545 THE RIGHT HON. BRIAN MULRONEY: No.

12 38546 I think, if you look at the photo,
13 the only document is David MacLaughlin taking notes --

14 38547 MR. WOLSON: Yes.

15 38548 THE RIGHT HON. BRIAN MULRONEY: --
16 but I have nothing, and no one else has anything.

17 38549 MR. WOLSON: Does that happen at all,
18 these meetings where there are -- is there somebody
19 taking notes at all of these meetings?

20 38550 THE RIGHT HON. BRIAN MULRONEY: In
21 almost all cases the chief of staff, or his
22 representative, would be there. I can't say at all
23 times. It's a tradition that was acquired, I think,
24 from Foreign Affairs, where all international
25 conferences or meetings between heads are noted,

1 obviously.

2 38551 MR. WOLSON: And when you meet -- I
3 know that Mr. MacLaughlin is at this meeting --

4 38552 Where is he now, by the way?

5 38553 Do you know?

6 38554 THE RIGHT HON. BRIAN MULRONEY: I
7 don't know. I know that he's in Ottawa somewhere.

8 38555 MR. WOLSON: Okay. Thank you.

9 38556 Is there always a person, other than
10 you -- when you have these meetings, would one of your
11 assistants always be with you?

12 38557 THE RIGHT HON. BRIAN MULRONEY: No,
13 not all the time.

14 38558 Maybe it has changed. Maybe they
15 have become more sophisticated than we were 24 or 25
16 years ago -- and they, no doubt, have. But, in my
17 time, we didn't -- I know that we tried to do that, and
18 sometimes it was done, as you can see from --

19 38559 Like, if Paul Tellier were involved,
20 if it was a Public Service kind of thing, you can be
21 certain that there was a good note about it.

22 38560 The political stuff that involved
23 ministers or -- I'm not sure.

24 38561 Less so, certainly.

25 38562 MR. WOLSON: All right.

1 38563 June 3rd, 1993 -- you have already
2 announced some months earlier that you are stepping
3 down. Right?

4 38564 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 38565 MR. WOLSON: I suppose that on June
6 3rd, 1993, if somebody wanted to make a project happen,
7 you had the power to make it happen?

8 38566 THE RIGHT HON. BRIAN MULRONEY: I was
9 still Prime Minister, yes.

10 38567 MR. WOLSON: Even in the late days --
11 I know that you had already announced, as we indicated
12 before, your retirement, but you still had the power to
13 make something like the Bear Head Project happen, if
14 you were so inclined?

15 38568 THE RIGHT HON. BRIAN MULRONEY: The
16 Prime Minister conserves all of his authority until his
17 resignation is accepted by the Governor General.

18 38569 MR. WOLSON: So up until June the 3rd
19 you are involved -- we have gone over them -- a number
20 of meetings with Elmer, with Fred, Karlheinz Schreiber
21 present at them, where he is pitching -- Schreiber
22 is -- the Energizer bunny you called him yesterday --
23 he is pitching the Government of Canada to buy this
24 Thyssen project. You have said it a number of times;
25 we know now that there was a great deal of money

1 involved in it for him.

2 38570 THE RIGHT HON. BRIAN MULRONEY: Yeah.

3 38571 MR. WOLSON: And he is working hard

4 to try and make it happen.

5 38572 THE RIGHT HON. BRIAN MULRONEY:

6 Clearly.

7 38573 MR. WOLSON: But it doesn't happen

8 while you are Prime Minister.

9 38574 THE RIGHT HON. BRIAN MULRONEY: No.

10 Not only does it not happen, I suppose you could say,

11 as Mr. Schreiber has said, that "Brian Mulroney

12 prevented me from making hundreds of millions of

13 dollars because he cancelled the project".

14 38575 That's the way it was.

15 38576 MR. WOLSON: All right. The next

16 meeting that you have is at Harrington Lake.

17 38577 THE RIGHT HON. BRIAN MULRONEY:

18 That's right.

19 38578 MR. WOLSON: Was Fred Doucet there?

20 38579 THE RIGHT HON. BRIAN MULRONEY: No,

21 he was not.

22 38580 MR. WOLSON: Was Elmer MacKay there?

23 38581 THE RIGHT HON. BRIAN MULRONEY: No.

24 38582 MR. WOLSON: Was anyone else from the

25 Office of the Prime Minister there taking notes?

1 38583 THE RIGHT HON. BRIAN MULRONEY: No.
2 There was no need for that.

3 38584 MR. WOLSON: On the 23rd of June, you
4 are advised --

5 38585 Who advises you that Schreiber wants
6 to see you?

7 38586 THE RIGHT HON. BRIAN MULRONEY: It
8 had to come through Elmer or Fred.

9 38587 MR. WOLSON: It could only come from
10 Elmer or Fred, in your evidence?

11 38588 THE RIGHT HON. BRIAN MULRONEY: I
12 think so.

13 38589 MR. WOLSON: Okay.

14 38590 THE RIGHT HON. BRIAN MULRONEY: I was
15 advised that he wished to see me, to pay a courtesy
16 call before I left office.

17 38591 MR. WOLSON: He had just seen you 20
18 days earlier.

19 38592 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 he had.

21 38593 But, as I think we have indicated, it
22 no doubt dealt with his desire to move the project to
23 Montréal or something.

24 38594 MR. WOLSON: The man had a picture of
25 the meeting.

1 38595 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 he did.

3 38596 MR. WOLSON: You were now almost out
4 of the Prime Minister's office, June 23rd?

5 38597 THE RIGHT HON. BRIAN MULRONEY:
6 Within 48 hours.

7 38598 MR. WOLSON: Yes. So just two days
8 before you retire from the Prime Minister's office you
9 see Schreiber on a courtesy call.

10 38599 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 38600 And the reason, as I think I
12 indicated, Commissioner, at Harrington Lake was because
13 Mila and the children and I move there every summer.
14 But in this case we moved earlier because Mila wanted
15 to be assured that 24 Sussex was ready for the new
16 occupant.

17 38601 MR. WOLSON: Let's look, if you will,
18 sir, in Tab 10 of the Compendium binder. If you look,
19 please, to the 23rd of June.

20 38602 THE RIGHT HON. BRIAN MULRONEY: June
21 23rd.

22 38603 MR. WOLSON: It should be -- when you
23 find Wednesday, go to the very bottom and -- are you at
24 Tab 10?

25 38604 THE RIGHT HON. BRIAN MULRONEY: Ten.

1 38605 MR. WOLSON: Go three or four in on
2 Tab 10 and you will find the June 1993 -- we were there
3 before.

4 38606 I think you have it in your hand
5 right now, one back.

6 38607 THE RIGHT HON. BRIAN MULRONEY: The
7 schedule?

8 38608 MR. WOLSON: Yes.

9 38609 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 38610 MR. WOLSON: All right. Look at the
11 23rd. You have 11 o'clock; right?

12 38611 THE RIGHT HON. BRIAN MULRONEY: M'hm.

13 38612 MR. WOLSON: Your answer, please?

14 38613 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 sir. Yes.

16 38614 MR. WOLSON: Private meeting.

17 38615 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 38616 MR. WOLSON: Why not courtesy call?

19 38617 THE RIGHT HON. BRIAN MULRONEY: I
20 have no idea.

21 38618 MR. WOLSON: If you just look
22 above --

23 38619 THE RIGHT HON. BRIAN MULRONEY: On
24 the twenty --

25 38620 MR. WOLSON: Third. The 23rd of

1 June.

2 38621 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 38622 MR. WOLSON: 11 o'clock private

4 meeting. Was that the meeting you had with

5 Mr. Schreiber?

6 38623 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 38624 MR. WOLSON: If you just look above

8 that, on the 16th of June, at 3:45, it says "Courtesy

9 Call".

10 38625 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 And if you look above that, it says "Private Lunch".

12 38626 MR. WOLSON: Oh, I understand that

13 there are private lunches, private meetings, yes.

14 38627 THE RIGHT HON. BRIAN MULRONEY: But

15 is there something mysterious --

16 38628 MR. WOLSON: No.

17 38629 THE RIGHT HON. BRIAN MULRONEY: -- in

18 the manner in which this is laid out?

19 38630 MR. WOLSON: I'm asking you -- no,

20 there is nothing mysterious at all.

21 38631 THE RIGHT HON. BRIAN MULRONEY: It is

22 a public schedule of the Prime Minister of Canada.

23 38632 MR. WOLSON: Yes. I'm asking you why

24 at 3:45 on the 16th it would be a courtesy call, but on

25 the 23rd it was a private meeting.

1 38633 THE RIGHT HON. BRIAN MULRONEY: I
2 have no idea.

3 38634 MR. WOLSON: Okay.

4 38635 THE RIGHT HON. BRIAN MULRONEY: I
5 didn't -- I mean, you know, as I can see, I didn't
6 prepare -- technically prepare the schedules.

7 38636 MR. WOLSON: I'm quite sure that you
8 had other things to do and you weren't preparing
9 schedules.

10 38637 THE RIGHT HON. BRIAN MULRONEY: It's
11 just that all the requests generally went to the office
12 and they did the best they could with my schedule.

13 38638 MR. WOLSON: But I noticed your
14 schedule in June of '93 -- and for the average mortal
15 it's a pretty busy schedule.

16 38639 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 it is.

18 38640 MR. WOLSON: You have on -- just
19 going through it, you have starting with the 1st of
20 June, you are in Washington on the Larry King Show.

21 38641 THE RIGHT HON. BRIAN MULRONEY: I was
22 there for a breakfast meeting with President Clinton.

23 38642 MR. WOLSON: Yes, and we will come to
24 that. But I think you did Larry King --

25 38643 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 I did.

2 38644 MR. WOLSON: -- on the first.

3 38645 THE RIGHT HON. BRIAN MULRONEY: M'hm.

4 38646 MR. WOLSON: Your answer is yes?

5 38647 THE RIGHT HON. BRIAN MULRONEY: Yes,

6 sir.

7 38648 MR. WOLSON: On the second you are

8 there for breakfast for Clinton.

9 38649 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 38650 MR. WOLSON: Or with Clinton.

11 38651 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 38652 MR. WOLSON: And then you are on an

13 interview with the MacNeil-Lehrer show?

14 38653 THE RIGHT HON. BRIAN MULRONEY: I

15 have a lunch with --

16 38654 MR. WOLSON: Washington Post?

17 38655 THE RIGHT HON. BRIAN MULRONEY: --

18 with Kay Graham at the Washington Post, a C-Span

19 interview, MacNeil-Lehrer and then travelling back to

20 Ottawa.

21 38656 MR. WOLSON: And then the next day

22 you have a number of meetings, including P&P at 3

23 o'clock?

24 38657 THE RIGHT HON. BRIAN MULRONEY: The

25 next day I have P&P in the morning --

1 38658 MR. WOLSON: Private meeting at 3:30.
2 38659 THE RIGHT HON. BRIAN MULRONEY:
3 Private meeting at 3:30.
4 38660 MR. WOLSON: At 4 o'clock you've got
5 an interview with the Toronto Star?
6 38661 THE RIGHT HON. BRIAN MULRONEY: Yes.
7 38662 MR. WOLSON: At 5:15 you have an
8 interview --
9 38663 THE RIGHT HON. BRIAN MULRONEY: A
10 reception.
11 38664 MR. WOLSON: Pardon me?
12 38665 THE RIGHT HON. BRIAN MULRONEY: I'm
13 sorry, 5:15 --
14 38666 MR. WOLSON: An interview with --
15 38667 THE RIGHT HON. BRIAN MULRONEY: That
16 must be Mark Kennedy --
17 38668 MR. WOLSON: All right.
18 38669 THE RIGHT HON. BRIAN MULRONEY: --
19 who was then with The Citizen.
20 38670 MR. WOLSON: Then you have a
21 6 o'clock reception.
22 38671 THE RIGHT HON. BRIAN MULRONEY: Yes.
23 38672 And then a private meeting.
24 38673 MR. WOLSON: Private meeting. On the
25 fourth you are going to Montréal to see Premier

1 Bourassa.

2 38674 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 lunch with Premier Bourassa.

4 38675 MR. WOLSON: You have a full day on
5 the fifth.

6 38676 THE RIGHT HON. BRIAN MULRONEY: I'm
7 back in my -- I'm going to stand down as a candidate in
8 the next election, and so I visit in Charlevoix with my
9 voters. And the next day there is -- at 10:30 on
10 Saturday there is Remise des Médailles. There is a
11 brunch at La Malbaie and travel to Baie Comeau; the
12 inauguration of the local airport.

13 38677 That night a Souper Bénéfice.

14 38678 The next day an Entrevue CFER-TVA, a
15 brunch and nomination meeting. That must be for the
16 candidate who was going to succeed me. Get back to
17 Ottawa.

18 38679 On Monday there is a private meeting
19 with the Governor General, and that clearly is in
20 regard to the circumstances of my resignation.

21 38680 On the eighth there is an interview,
22 meeting with Pierre Blais. Then at 3:45 there is a
23 private meeting; then interviews with the Prime
24 Minister of Hungary, I believe; then private.

25 38681 Then the next day is the National

1 Caucus, meeting with Glen Shortliffe who had replaced
2 Paul as Clerk of the Council.

3 38682 MR. WOLSON: Yes...?

4 38683 THE RIGHT HON. BRIAN MULRONEY:
5 Another excellent public servant.

6 38684 Then there was an interview with
7 Graham Fraser and Jeff Sallott of the Globe. Then
8 there was private.

9 38685 Then the Progressive Conservative
10 Convention began.

11 38686 MR. WOLSON: Yes...?

12 38687 THE RIGHT HON. BRIAN MULRONEY: So I
13 had to go for registration with my family.

14 38688 Then at 4 o'clock I had a meeting
15 with Senator LeBreton. She was not then a Senator. I
16 appointed her a few days later.

17 38689 Then on the 11th, opening ceremonies
18 of the leadership thing.

19 38690 MR. WOLSON: Let me just stop you
20 there and I will save a little bit of time.

21 38691 THE RIGHT HON. BRIAN MULRONEY: M'hm.

22 38692 MR. WOLSON: What you have read so
23 far is consistent with the rest of the schedule.

24 38693 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 38694 MR. WOLSON: You are a very busy guy,

1 doing a number of very important things.

2 38695 You agree with that?

3 38696 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 38697 MR. WOLSON: But you have time to fit

5 in a meeting, on June the 3rd, with Mr. Schreiber;

6 right?

7 38698 THE RIGHT HON. BRIAN MULRONEY: M'hm.

8 Yes.

9 38699 MR. WOLSON: Your answer is yes.

10 38700 You have time to see him. Even

11 though you have just seen him 20 days earlier, you have

12 time to see him on the 23rd of June at Harrington Lake,

13 a man that you had a peripheral relationship with.

14 38701 You did that on the 23rd. You saw

15 him?

16 38702 THE RIGHT HON. BRIAN MULRONEY: Yes,

17 I did.

18 38703 MR. WOLSON: Yes.

19 38704 THE RIGHT HON. BRIAN MULRONEY: As

20 every time we come across the word "private" and

21 "private meetings", as I'm seeing dozens and perhaps

22 hundreds of people who wished to drop by to say

23 goodbye --

24 38705 MR. WOLSON: I think there are about

25 10 or 11 privates other than -- you have a private

1 lunch with Bourassa, a private meeting with the
2 Governor General.

3 38706 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 38707 MR. WOLSON: I exclude those, but
5 other than that there is probably about 10 or 12
6 private meetings.

7 38708 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 38709 MR. WOLSON: We can count them up
9 later. We don't have to do that now.

10 38710 THE RIGHT HON. BRIAN MULRONEY: At
11 this time -- I think perhaps you are misinterpreting
12 something.

13 38711 On the 7th, for example, and
14 elsewhere, when it says "Private", that doesn't mean
15 there is one private meeting. It means the day has
16 been essentially assigned for these private walk-ins
17 and so on. So all kinds of people were coming by.

18 38712 MR. WOLSON: So you would have had
19 time for your peripheral friend Schreiber twice in that
20 month.

21 38713 THE RIGHT HON. BRIAN MULRONEY: Well,
22 I think that is a bit of a pejorative, if I may say,
23 because I tried to explain to you the context in which
24 that word was used.

25 38714 I know you don't intend it

1 derisively, but I just explained that in the lexicon
2 that was referred to, it was not an inaccurate
3 description of the relationship.

4 38715 MR. WOLSON: All right. Let me then
5 move on, on the 23rd, because I want to ask you some
6 questions.

7 38716 Mr. Schreiber has told this inquiry
8 about that meeting. You have, I take it, seen his
9 evidence or know about his evidence?

10 38717 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 sir.

12 38718 MR. WOLSON: The meeting you say was
13 half an hour.

14 38719 THE RIGHT HON. BRIAN MULRONEY: I
15 believe so.

16 38720 MR. WOLSON: Or was it?

17 38721 THE RIGHT HON. BRIAN MULRONEY: I
18 don't know. It was -- he was there for sure and the
19 meeting didn't last very long.

20 38722 MR. WOLSON: All right. What was
21 discussed at this meeting from your perspective?

22 38723 THE RIGHT HON. BRIAN MULRONEY: Well,
23 he came in, as I indicated. I believe he was driven
24 there by my Executive Assistant Paul Smith in his, as I
25 say, secondhand Jeep, simply to distinguish it from the

1 limousine of the fifth estate.

2 38724 MR. WOLSON: We have that point.

3 38725 THE RIGHT HON. BRIAN MULRONEY: Okay.

4 It is important.

5 38726 MR. WOLSON: I spent some time on it,
6 sir, so I thought it was important, too.

7 38727 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 Good for you, sir.

9 38728 MR. WOLSON: Thank you.

10 38729 THE RIGHT HON. BRIAN MULRONEY: And
11 so he came and we chatted, of course, and my guess is
12 that the first thing we talked about would have been
13 the fact that Ms Campbell was going to take over in two
14 days and how did I see it.

15 38730 MR. WOLSON: Did you tell him then
16 that -- or at all, because he alleges that you told him
17 that Ms Campbell was going to win the next election.

18 38731 You have told us about that.

19 38732 THE RIGHT HON. BRIAN MULRONEY: I
20 certainly thought so, yes.

21 38733 MR. WOLSON: Yes.

22 38734 THE RIGHT HON. BRIAN MULRONEY: And I
23 would have told him that, yes.

24 38735 MR. WOLSON: Yes. Did you tell him,
25 as he says, that you could then work together with him.

1 You would have some influence?

2 38736 THE RIGHT HON. BRIAN MULRONEY: No,
3 of course not.

4 38737 MR. WOLSON: Okay. So carry on then.

5 38738 THE RIGHT HON. BRIAN MULRONEY: He
6 got back to -- after we discussed the election, the
7 upcoming election, he got back to his favourite topic
8 of German reunification. He mentioned that and how
9 grateful he was and Germans were for the role Canada
10 was able to play, and after -- and I said to him, by
11 the way, I said look, Karlheinz, I should tell you that
12 I regret that we were not able to make this thing, the
13 project function in Nova Scotia. I had committed to
14 creating jobs down there and I had thought, as you
15 know, that this would have been a good way to do it.

16 38739 It didn't work out and I'm sorry it
17 didn't, because the jobs that Elmer and I hoped to be
18 able to deliver to that region never materialized. I
19 know you worked hard at it and I regret that and I wish
20 you well.

21 38740 At that time, as I got up to usher
22 him to the door, and to say goodbye, he asked me what I
23 planned to do and I said well, I am going to
24 reestablish myself in Montréal, do hopefully some
25 directorships maybe in my law practice.

1 38741 And he said given the excellence of
2 your communications, or your reputation internationally
3 and the high regard in which you are held -- and he
4 talked again about Germany in that regard, and
5 Europe -- I would like to be in touch with you, or
6 words to that effect, after you leave office.

7 38742 And I said I don't know where I'm
8 going to be in the next little while, but I will
9 certainly be in Montréal in the autumn. Because he
10 said perhaps I could give you a call in light of that.
11 And I said anytime you want to reach me, call Fred, who
12 will know what my new address is going to be and where
13 you can reach me.

14 38743 MR. WOLSON: So his view -- I'm
15 sorry, I don't want to cut you off.

16 38744 THE RIGHT HON. BRIAN MULRONEY: No,
17 that was it.

18 38745 MR. WOLSON: His view and his
19 evidence that he retained you -- or not retained you,
20 that you had an Understanding in Principle that you and
21 he would work together and you would make something
22 happen for the Thyssen Project, that didn't happen?

23 38746 THE RIGHT HON. BRIAN MULRONEY: No,
24 sir.

25 38747 MR. WOLSON: That he would make -- or

1 that he had an arrangement with you where you would
2 work on the Thyssen Project domestically, that didn't
3 happen?

4 38748 THE RIGHT HON. BRIAN MULRONEY: No,
5 sir.

6 38749 MR. WOLSON: The meeting ends. How
7 does he get back to Ottawa?

8 38750 THE RIGHT HON. BRIAN MULRONEY: I
9 don't know. I assumed, until I heard something, I
10 think to the contrary -- I assumed that Paul was going
11 to drive him back, but I don't know how he got back.

12 38751 MR. WOLSON: And Paul brought him
13 there.

14 38752 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 38753 MR. WOLSON: Paul Smith.

16 38754 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 he did.

18 38755 MR. WOLSON: On your instruction?

19 38756 THE RIGHT HON. BRIAN MULRONEY: No,
20 not on my instructions. I had nothing to do with
21 the -- with the operation of that. I didn't know how
22 he was going to get there.

23 38757 MR. WOLSON: Well, was it a common
24 thing for Mr. Smith to drive people in his Jeep to see
25 you at Harrington Lake?

1 38758 THE RIGHT HON. BRIAN MULRONEY: Not
2 a -- I don't think it would be uncommon when I was at
3 Harrington. Every once in a while people coming up
4 would hitch a ride with Paul, yes, mostly of course
5 staffers and what have you. But it wasn't particularly
6 unusual.

7 38759 MR. WOLSON: He said --

8 38760 THE RIGHT HON. BRIAN MULRONEY: It
9 was unusual --

10 38761 MR. WOLSON: Yes...?

11 38762 THE RIGHT HON. BRIAN MULRONEY: It
12 was unusual I think for someone like Mr. Schreiber to
13 come up with Mr. Smith, but I don't know why.

14 38763 MR. WOLSON: So Schreiber has a
15 courtesy visit with you --

16 38764 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 38765 MR. WOLSON: Your answer is yes?

18 38766 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 38767 MR. WOLSON: Yes, sir. Having seen
21 him three weeks earlier; right?

22 38768 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 on his ongoing business project.

24 38769 MR. WOLSON: Yes. And he gets there
25 with your staff, your staffer, in his Jeep, your

1 staffer's Jeep, when Smith said it has never happened
2 before like that.

3 38770 THE RIGHT HON. BRIAN MULRONEY: M'hm.

4 38771 MR. WOLSON: This was just a special
5 occasion that he picked Schreiber up and brought him to
6 Harrington Lake; yes?

7 38772 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 sir.

9 38773 MR. WOLSON: And you had time to see
10 this man, Schreiber.

11 38774 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 I do.

13 38775 MR. WOLSON: You have no idea why
14 Schreiber went back to Germany because you had no
15 understanding in principle with him at Harrington Lake;
16 right?

17 38776 You had no understanding in principle
18 in terms of working together in the future on the Bear
19 Head Project for Thyssen. There was nothing
20 established at Harrington Lake by your evidence.

21 38777 THE RIGHT HON. BRIAN MULRONEY: Zero.

22 38778 MR. WOLSON: Zero. The man goes back
23 to Germany -- and we have evidence of it -- that he
24 tries to set up on the 5th of July, just a short time
25 after your meeting, an account, which he does set up on

1 the 12th of July, and calls it Britan and puts \$500,000
2 into Britan.

3 38779 You don't know why he did that?

4 38780 THE RIGHT HON. BRIAN MULRONEY: No,
5 sir.

6 38781 MR. WOLSON: Did you know then that a
7 Britan account existed?

8 38782 THE RIGHT HON. BRIAN MULRONEY: No, I
9 did not.

10 38783 MR. WOLSON: So he sets up this
11 Britan account, puts in -- transfers in a half a
12 million dollars, takes out \$100,000 and comes to see
13 you at the Mirabel Hotel on the 27th of August.

14 38784 THE RIGHT HON. BRIAN MULRONEY: If
15 you say so.

16 38785 MR. WOLSON: Well, the evidence --
17 the documentary evidence of Navigant tells us that, and
18 Schreiber has told us that.

19 38786 THE RIGHT HON. BRIAN MULRONEY: But
20 Schreiber, if I may, when I heard of the Britan account
21 was in October of 1999 when Mr. Edward Greenspan, --
22 six years later when Mr. Edward Greenspan,
23 Mr. Schreiber's lawyer, writes to the CBC fifth estate
24 and says I want to formally advise you that Britan is
25 not Brian and any suggestion by you that Britan is

1 Brian would be libelous, false and gravely unfair to
2 Mr. Mulroney.

3 38787 That's what I knew about the Britan
4 account.

5 38788 MR. WOLSON: Yes, we knew that
6 yesterday.

7 38789 THE RIGHT HON. BRIAN MULRONEY: Yeah.

8 38790 MR. WOLSON: You didn't know, though,
9 then, that he took out \$100,000 from the Britan
10 account, brought it to Canada.

11 38791 All you can tell us is that Fred
12 Doucet arranged a meeting for you and Mr. Schreiber at
13 Harrington -- I'm sorry, at the Mirabel Airport Hotel
14 on the 27th of August 1993.

15 38792 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 sir.

17 38793 MR. WOLSON: And that he made that
18 arrangement, Doucet, you believe, mid-August with you.

19 38794 THE RIGHT HON. BRIAN MULRONEY: Yes.
20 After Doucet apparently had spoken with him --

21 38795 MR. WOLSON: Yes.

22 38796 THE RIGHT HON. BRIAN MULRONEY: --
23 and asked him the nature of the meeting and why he
24 wanted to meet me.

25 38797 MR. WOLSON: Yes.

- 1 38798 THE RIGHT HON. BRIAN MULRONEY: And
2 Schreiber would have said to him that I want to talk to
3 him about an international mandate of some kind that I
4 would like to discuss.
- 5 38799 MR. WOLSON: Yes, you told us that
6 yesterday.
- 7 38800 THE RIGHT HON. BRIAN MULRONEY: And
8 he shared that with me.
- 9 38801 MR. WOLSON: And of course you didn't
10 accept over the telephone a retainership with
11 Mr. Schreiber. You accepted to meet with him and talk
12 to him.
- 13 38802 THE RIGHT HON. BRIAN MULRONEY: That
14 is right.
- 15 38803 MR. WOLSON: And Schreiber then shows
16 up at the Mirabel Hotel with a package of thousand
17 dollar bills without having had a prearrangement with
18 you that you would work with him on a project?
- 19 38804 THE RIGHT HON. BRIAN MULRONEY:
20 Schreiber shows up at the Mirabel Hotel with a
21 Statement of Claim prepared by Ian Scott in which he
22 says that he is going to sue my government because my
23 government cancelled the contract, or unfairly treated
24 that proposal.
- 25 38805 MR. WOLSON: Stop there. And he

1 shows up with that Statement of Claim --

2 38806 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 Yes, sir.

4 38807 MR. WOLSON: -- and he gives it to

5 you.

6 38808 THE RIGHT HON. BRIAN MULRONEY: He

7 gives it to me.

8 38809 MR. WOLSON: All right. And you tell

9 Sheppard about that. You tell Sheppard that he --

10 38810 THE RIGHT HON. BRIAN MULRONEY:

11 Absolutely.

12 38811 MR. WOLSON: Yes, okay.

13 38812 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 38813 MR. WOLSON: Next, what else does he

15 do?

16 38814 THE RIGHT HON. BRIAN MULRONEY: He

17 hands me some brochures, merchandising -- impressive

18 merchandising brochures of the vehicle.

19 38815 MR. WOLSON: With UN slapped all over

20 the vehicle.

21 38816 THE RIGHT HON. BRIAN MULRONEY: With

22 the United Nations logo all over the place on it, in

23 colour.

24 38817 MR. WOLSON: Stop there.

25 38818 THE RIGHT HON. BRIAN MULRONEY: M'hm.

1 38819 MR. WOLSON: You tell Sheppard about
2 that. You say to Sheppard this project was a UN
3 project. It morphed into a UN project; right?

4 38820 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 38821 No, I think it had been discussed
6 earlier. I may be wrong on that. In earlier
7 conversations that I testified to.

8 38822 MR. PRATTE: I stood up yesterday I
9 think on this point, and I think maybe the witness
10 corrected it. But I'm not sure the transcript
11 reflects -- as Mr. Wolson says, maybe I stand to be
12 corrected.

13 38823 It is clear that Mr. Mulroney
14 mentioned the lawsuit to Mr. Sheppard at the discovery,
15 but I believe the discussion of peacekeeping was in
16 reference to an earlier context.

17 38824 So I don't think that he was
18 saying -- unless I'm wrong.

19 38825 COMMISSIONER OLIPHANT: I thought
20 that the question had to do with the armoured vehicle
21 with the logo or insignia on it.

22 38826 MR. PRATTE: My only point,
23 Mr. Commissioner, is that Mr. Wolson is saying, as I
24 understood it, to Mr. Mulroney, you get the lawsuit
25 from Ian Scott at Mirabel and you told Mr. Sheppard at

1 the discovery about that.

2 38827 COMMISSIONER OLIPHANT: M'hm.

3 38828 MR. PRATTE: And then he went on to

4 say and you got these brochures from Mr. Schreiber at

5 Mirabel and you told Mr. Sheppard about that.

6 38829 It is that latter point that I may be

7 mistaken. It's not the context in which -- he didn't

8 say to Sheppard I got brochures about peacekeeping, I

9 don't think --

10 38830 MR. WOLSON: No.

11 38831 MR. PRATTE: -- at Mirabel.

12 38832 MR. WOLSON: Let me clear that up

13 then because I never intended that.

14 38833 THE RIGHT HON. BRIAN MULRONEY: Okay.

15 38834 MR. WOLSON: You are welcome.

16 38835 What I suggest to you is that you

17 told Sheppard that the Thyssen Project had gone from --

18 had changed lives and had gone to a UN project.

19 38836 THE RIGHT HON. BRIAN MULRONEY:

20 That I -- that's a statement, sir, or a question?

21 38837 MR. WOLSON: Yes, I'm going to

22 suggest that to you.

23 38838 THE RIGHT HON. BRIAN MULRONEY: Well,

24 I don't have the -- would you like me to check the --

25 38839 MR. WOLSON: After the break I will

1 get that and give that to you.

2 38840 THE RIGHT HON. BRIAN MULRONEY: All
3 right.

4 38841 MR. WOLSON: So we have covered now
5 the giving of the UN, pages of vehicles with UN slapped
6 all over it.

7 38842 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 they are brochures.

9 38843 MR. WOLSON: Right.

10 38844 THE RIGHT HON. BRIAN MULRONEY:
11 Promotional brochures that he gives me.

12 38845 MR. WOLSON: Yes.

13 38846 THE RIGHT HON. BRIAN MULRONEY: And
14 he also gives me articles from German newspapers in
15 that regard, plus correspondence that Thyssen I think
16 has received from a British General in charge of
17 procurement.

18 38847 Those are the letters that I am
19 given.

20 38848 MR. WOLSON: And he gives you money.

21 38849 THE RIGHT HON. BRIAN MULRONEY: Yes.
22 He said that it would be nice, very nice, to have you,
23 as a respected former Prime Minister, I think his word
24 was on an international peacekeeping track for Thyssen.
25 It was words to that effect. I would love to have you

1 represent my interests internationally, and he chatted
2 of course about the vehicle. He had just given me the
3 documents.

4 38850 And I said well, I think that is
5 something that I could usefully do. This was part of
6 my plan anyway, after I got established, was to try and
7 work internationally because I knew full well that not
8 only was it improper for me to deal with the Government
9 of Canada, I didn't want to deal with the Government of
10 Québec or the City of Montréal or any government, and I
11 think he knew that.

12 38851 But I thought that because those were
13 in my mind off bounds, that my future really lay on the
14 international field, in the international field.

15 38852 So he said I think you could be of
16 great help for Thyssen on an international peacekeeping
17 track. I would very much like that opportunity to work
18 with you. And I said fine. I said Karlheinz, I think
19 what you described would be right up my alley and I
20 think I might be able to be helpful.

21 38853 MR. WOLSON: How did he refer to you?

22 38854 THE RIGHT HON. BRIAN MULRONEY: He,
23 interchangeably Prime Minister or Mr. Mulroney or
24 Brian, depending on the circumstances.

25 38855 MR. WOLSON: Okay.

1 38856 THE RIGHT HON. BRIAN MULRONEY: And
2 he got up from where we were seated in the corner and
3 he went over to a small sofa. As I indicated to you, I
4 knew very little about what might transpire, except
5 what Fred told me. I had been escorted there by the
6 RCMP. They brought me to the door, knocked on the
7 door. Mr. Schreiber opened it, and I had gone in and
8 they waited for me outside.

9 38857 And he got up and went to his
10 briefcase and opened the briefcase, and there was a
11 legal sized envelope. And he came over and he said I
12 would like to retain your services and this would be
13 the first advance on that to help me internationally in
14 this regard.

15 38858 MR. WOLSON: Did you see him putting
16 the money in the envelope?

17 38859 THE RIGHT HON. BRIAN MULRONEY: No,
18 he just took a legal sized envelope out.

19 38860 MR. WOLSON: So the money was already
20 in it?

21 38861 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 38862 MR. WOLSON: How would he know to put
23 money in it, that he would be retaining you?

24 38863 THE RIGHT HON. BRIAN MULRONEY: I
25 don't have a clue.

1 38864 MR. WOLSON: Perhaps we can stop
2 there and we will pick this up after the break.

3 38865 THE RIGHT HON. BRIAN MULRONEY: Fine.

4 38866 COMMISSIONER OLIPHANT: Just before
5 we do that, I would like to ask a question so that I
6 have a clear understanding of a term that you have used
7 and upon which there has been some debate.

8 38867 THE RIGHT HON. BRIAN MULRONEY: M'hm.

9 38868 COMMISSIONER OLIPHANT: And I think I
10 know what you mean, but I want to understand if my
11 understanding is correct.

12 38869 THE RIGHT HON. BRIAN MULRONEY: M'hm.

13 38870 COMMISSIONER OLIPHANT: You talked
14 about your relationship with Mr. Schreiber as being
15 peripheral.

16 38871 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 38872 COMMISSIONER OLIPHANT: That word
18 mean something to you?

19 38873 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 38874 COMMISSIONER OLIPHANT: And as I
21 heard you give your evidence about your family and
22 friends and people with whom you worked and trusted,
23 people like Paul Tellier, were you using that term in a
24 relative sense; that relative to other people with whom
25 you dealt on a regular basis, and relative to your

1 family, your friendship with Schreiber was peripheral?
2 38875 THE RIGHT HON. BRIAN MULRONEY:
3 Precisely, my Lord.
4 38876 COMMISSIONER OLIPHANT: Okay.
5 38877 THE RIGHT HON. BRIAN MULRONEY:
6 Precisely.
7 38878 COMMISSIONER OLIPHANT: So it was in
8 a relative sense that you used that word.
9 38879 THE RIGHT HON. BRIAN MULRONEY: M'hm.
10 38880 COMMISSIONER OLIPHANT: Okay. We
11 will break for 15 minutes and come back at 11:15.
12 38881 THE RIGHT HON. BRIAN MULRONEY: Thank
13 you.
14 --- Upon recessing at 10:58 a.m. / Suspension à 10 h 58
15 --- Upon resuming at 11:27 a.m. / Reprise à 11 h 27
16 38882 COMMISSIONER OLIPHANT: Be seated,
17 please.
18 38883 Mr. Wolson...?
19 38884 MR. WOLSON: Mr. Mulroney, before we
20 broke I had indicated to you, and I want to make it
21 clearer, what my question is.
22 38885 When you were on your examination on
23 discovery you had mentioned to Mr. Sheppard --
24 obviously we have covered this yesterday. You didn't
25 talk about the August 27th meeting and identify it as a

1 meeting where a business transaction took place.

2 38886 We have been through that --

3 38887 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 38888 MR. WOLSON: -- and you understand

5 that?

6 38889 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 38890 MR. WOLSON: All right. But my

8 suggestion to you was during your testimony on

9 discovery, you did talk to Mr. Sheppard about the

10 Thyssen Project morphing into a UN project?

11 38891 THE RIGHT HON. BRIAN MULRONEY: I

12 think there was reference to that.

13 38892 MR. WOLSON: Yes. I'm just going to

14 show you that. It is at page 89 of the discovery, page

15 89 line 5 where you say:

16 "And at this point in time..."

17 38893 And you are talking about '91 or '92.

18 38894 THE RIGHT HON. BRIAN MULRONEY: M'hm.

19 38895 MR. WOLSON:

20 "And at this point in time, the

21 Tissen(sic) Project had evolved

22 into one where vehicles would be

23 made for the United Nations

24 Peacekeeping Forces around the

25 world to protect our

1 Peacekeepers."

2 38896 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 sir.

4 38897 MR. WOLSON: All right.

5 38898 Now, I want to examine in detail the
6 three meetings that you had with Schreiber: the
7 Mirabel, Queen Elizabeth and Pierre Hotel meetings.

8 38899 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 38900 MR. WOLSON: You came to the hotel at
10 Mirabel on the 27th of August '93 with an RCMP escort.

11 38901 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 38902 MR. WOLSON: Two officers?

13 38903 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 38904 MR. WOLSON: Why would you have had
15 RCMP at that time? And I notice they are here today.

16 38905 I suppose the question is: When do
17 you have RCMP detail?

18 38906 THE RIGHT HON. BRIAN MULRONEY: The
19 tradition has been and remains that after a Prime
20 Minister leaves office that the RCMP furnishes support
21 until he or she gets reintegrated into a new life.
22 That kind of tails off depending on the requirement --
23 the security requirements.

24 38907 Thereafter, from time to time the
25 RCMP offers the courtesies of the service to Prime

1 Ministers as they visit certain areas of the country.

2 38908 MR. WOLSON: And you are always The
3 Right Honourable? That is a title that you have --

4 38909 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 38910 MR. WOLSON: -- having been in your
6 position with government?

7 38911 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 sir.

9 38912 MR. WOLSON: You are a Member of the
10 Privy Council?

11 38913 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 38914 MR. WOLSON: That is a lifetime --
13 both are lifetime distinctions --

14 38915 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 38916 MR. WOLSON: -- and distinguishments.

16 38917 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 38918 MR. WOLSON: Yes?

18 38919 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 38920 MR. WOLSON: You then go with the
21 RCMP to the Mirabel Hotel.

22 38921 THE RIGHT HON. BRIAN MULRONEY: That
23 is right.

24 38922 MR. WOLSON: August 27, 1993. What
25 time do you go there?

1 38923 THE RIGHT HON. BRIAN MULRONEY:

2 Whatever time the flight departed -- and I know they
3 used to depart at night, and they still do. It would
4 have been a brief time before that because I think the
5 meeting took probably less than half an hour.

6 38924 MR. WOLSON: All right. And when you
7 went there you didn't know whether or not you would be
8 engaged by Mr. Schreiber. It was to have a discussion
9 and to see if you could have a business relationship?

10 38925 THE RIGHT HON. BRIAN MULRONEY:

11 That's what I was told.

12 38926 MR. WOLSON: What did Doucet tell you
13 exactly? You say you spoke to him around mid August.
14 What did he say exactly to you, as best you recall?

15 38927 THE RIGHT HON. BRIAN MULRONEY: He
16 told me that he had spoken -- that Mr. Schreiber had
17 called him and asked if he could meet with me when next
18 he was in Canada and that he wished to talk to me about
19 the possibility of an international mandate
20 representing his interests around the world.

21 38928 And I said well, fine, that sounds
22 fair ball and he said --

23 38929 MR. WOLSON: Did he tell you about
24 what project around the world?

25 38930 THE RIGHT HON. BRIAN MULRONEY: No.

- 1 38931 MR. WOLSON: Okay.
- 2 38932 THE RIGHT HON. BRIAN MULRONEY: He
3 told -- he then said I will call you back and let you
4 know when the arrangements are to be made and we will
5 see if it is convenient for you. And I said fine,
6 remember, Fred, I don't have a house in Montréal. We
7 are renting a cottage at L'Esterel and it's a long way
8 down to Montréal for a meeting.
- 9 38933 He said I think you will be going
10 home from Montréal, which had to be at the Mirabel
11 airport. I said fine.
- 12 38934 MR. WOLSON: All right.
- 13 38935 THE RIGHT HON. BRIAN MULRONEY: I was
14 about, I suppose, 25 minutes away from L'Esterel to
15 Mirabel, about 25 minutes, I think.
- 16 38936 MR. WOLSON: Were you at that time
17 involved in your partnership with Ogilvy Renault?
- 18 38937 THE RIGHT HON. BRIAN MULRONEY: I
19 think that I was -- I'm not sure. I think I was to
20 start on the 4th of September, after Labour Day.
- 21 38938 MR. WOLSON: Were you going into the
22 office? Did they provide you some kind of office to
23 work from?
- 24 38939 THE RIGHT HON. BRIAN MULRONEY: Well,
25 I went in just to get the lay of the land, yes.

1 38940 MR. WOLSON: All right. And you
2 had --

3 38941 THE RIGHT HON. BRIAN MULRONEY: But I
4 didn't have an office really until -- I didn't have an
5 office until late September, when I came back from
6 China.

7 38942 MR. WOLSON: And you had -- yes...?

8 38943 THE RIGHT HON. BRIAN MULRONEY: But I
9 could have had facilities there, yes.

10 38944 MR. WOLSON: You had a relationship
11 with them beyond your partnership. What you were going
12 to do on your international work was separate and
13 apart?

14 38945 That was your own through a
15 company --

16 38946 THE RIGHT HON. BRIAN MULRONEY: That
17 is right.

18 38947 MR. WOLSON: -- called Cansult.

19 38948 THE RIGHT HON. BRIAN MULRONEY: That
20 is right.

21 38949 MR. WOLSON: All right. So you then
22 go with the RCMP, two of them --

23 38950 THE RIGHT HON. BRIAN MULRONEY: M'hm.

24 38951 MR. WOLSON: -- they drive you -- I
25 would like to get you to say yes or expand on that,

1 but --

2 38952 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 38953 MR. WOLSON: -- it's a work in

4 progress, I can see.

5 38954 So you go with the RCMP from your

6 cottage in L'Esterel and you go to the Mirabel Hotel?

7 38955 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 38956 MR. WOLSON: About a 25-minute, half

9 an hour drive?

10 38957 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 38958 MR. WOLSON: The cottage that you

12 were renting had a safe in it?

13 38959 THE RIGHT HON. BRIAN MULRONEY: We

14 had a -- my wife had a safety deposit kind of box that

15 she used to secure personal matters and private items,

16 yes.

17 38960 MR. WOLSON: At the cottage?

18 38961 THE RIGHT HON. BRIAN MULRONEY: At

19 the cottage, yes.

20 38962 MR. WOLSON: Is this a cottage you

21 had rented before?

22 38963 THE RIGHT HON. BRIAN MULRONEY: No, I

23 have not rented it before.

24 38964 MR. WOLSON: Okay.

25 38965 MR. WOLSON: So she brought something

1 along with her to the cottage which was in the form
2 of --

3 38966 THE RIGHT HON. BRIAN MULRONEY: Yes,
4 for --

5 38967 MR. WOLSON: -- some security box?

6 38968 THE RIGHT HON. BRIAN MULRONEY: For
7 jewelry and private matters like that.

8 38969 MR. WOLSON: Yes. I thought it
9 wasn't for your jewelry. I'm sure it was for hers.

10 38970 THE RIGHT HON. BRIAN MULRONEY: You
11 are right on that, sir.

12 38971 MR. WOLSON: Yes. You then drive off
13 with the RCMP and you get to Mirabel.

14 38972 Now, Mr. Schreiber said that when he
15 got to Mirabel you had rented -- you had had a room
16 rented.

17 38973 Is that true or untrue?

18 38974 THE RIGHT HON. BRIAN MULRONEY: There
19 are perhaps records, I don't know, but I -- I certainly
20 didn't reserve any room. And if that's Mr. Schreiber's
21 position, I can only conclude that Mr. Doucet or
22 someone else, someone on his staff, you know, rented
23 the room on his behalf.

24 38975 MR. WOLSON: Okay. So there was a
25 rented room. You were made aware of it when you got to

1 the hotel; right?

2 38976 THE RIGHT HON. BRIAN MULRONEY: I
3 knew that he had a room there before I arrived.

4 38977 MR. WOLSON: Yes.

5 38978 THE RIGHT HON. BRIAN MULRONEY: When
6 I arrived we inquired -- I got left with the police and
7 we crossed the lobby and went to the information
8 counter and asked if there was a room in
9 Mr. Schreiber's name, and they said yes, it is such and
10 such a number.

11 38979 MR. WOLSON: And these are
12 plainclothes police, I take it, or were they wearing
13 the --

14 38980 THE RIGHT HON. BRIAN MULRONEY: No,
15 no, they are plainclothes, yes.

16 38981 MR. WOLSON: Plainclothes. You go up
17 and Schreiber is in the room, is he?

18 38982 THE RIGHT HON. BRIAN MULRONEY: I go
19 up and knock on the door. The door opens and he is in
20 the room, yes.

21 38983 MR. WOLSON: And do the RCMP stand
22 outside the door?

23 38984 THE RIGHT HON. BRIAN MULRONEY: I
24 don't know where they remained. I don't know where
25 they stayed. They did not come inside with us.

1 38985 MR. WOLSON: All right. So there is
2 just the two of you in this hotel room.

3 38986 THE RIGHT HON. BRIAN MULRONEY:
4 That's right.

5 38987 MR. WOLSON: Did you say to him,
6 Karlheinz, I heard from Fred. Let's talk. What do you
7 have to offer? What are you talking about?

8 38988 THE RIGHT HON. BRIAN MULRONEY: No, I
9 didn't say that.

10 38989 MR. WOLSON: Okay.

11 38990 THE RIGHT HON. BRIAN MULRONEY: I
12 came in and sat down and we chatted for a few minutes,
13 parle-parle, jase-jase, about things, and the first
14 thing he said to me was I have retained Ian Scott to
15 sue your government.

16 38991 So I figured, with some -- how would
17 I say, not hostility but irritation. So I figure this
18 meeting is going to be very short and sweet, and God
19 knows I wish it had been.

20 38992 MR. WOLSON: You were brought out,
21 you thought, under a false pretence.

22 38993 THE RIGHT HON. BRIAN MULRONEY: Not
23 really. I just -- I just -- I didn't expect that kind
24 of initial contact.

25 38994 MR. WOLSON: All right. So he tells

1 you that.

2 38995 THE RIGHT HON. BRIAN MULRONEY: I
3 said go ahead and sue, it's a free country. If you
4 think that you have been deprived of your rights and
5 you want to take action against my government or any
6 other government, that's what the courts are for. Go
7 ahead.

8 38996 MR. WOLSON: Not a very good
9 introduction to a business relationship.

10 38997 THE RIGHT HON. BRIAN MULRONEY: Not
11 at all, which is why as I said earlier, I thought it
12 would be pretty short and sweet.

13 38998 MR. WOLSON: All right. He moves on
14 from that to what?

15 38999 THE RIGHT HON. BRIAN MULRONEY: He
16 moves on from that to I believe the next item was a
17 more relaxed conversation just about himself and his
18 business, at which point, that's when he hauled out the
19 dépliant publicitaire, the business brochures,
20 merchandising brochures that I have told you about.

21 39000 MR. WOLSON: And what is -- he tells
22 you he wants to retain you; right?

23 39001 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 39002 MR. WOLSON: What exactly is the
25 retainer for? What did he tell you it was for?

1 39003 THE RIGHT HON. BRIAN MULRONEY: To
2 represent his interests internationally in respect of
3 his interests, which I of course immediately construed
4 to be the promotion and enhancement of his
5 possibilities in regard to the export market for the
6 vehicles that he was identifying for me.

7 39004 MR. WOLSON: Did you talk about that?

8 39005 THE RIGHT HON. BRIAN MULRONEY: Oh
9 sure.

10 39006 MR. WOLSON: So it was clear, without
11 question, the retainer was to promote internationally
12 the product that he had provided to you?

13 39007 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 sir.

15 39008 MR. WOLSON: So you made this
16 agreement with him in Canada in the Mirabel Hotel?

17 39009 THE RIGHT HON. BRIAN MULRONEY: That
18 is right. I said I think this is something, Karlheinz,
19 that I can usefully do for you.

20 39010 MR. WOLSON: Yes. Did you tell him
21 what you would do?

22 39011 THE RIGHT HON. BRIAN MULRONEY: No,
23 not at all. It was presented to me -- and he told me,
24 I'm sorry, this will be fairly brief because Bärbel is
25 waiting for me at the airport and I have to get back to

1 catch our flight. I said fine. He told me about the
2 international part of it, which I quickly understood.

3 39012 As I indicated to you, I construed
4 this as something that was not unusual in my life. It
5 was kind of like a watching brief, to represent the
6 interests and defend the interests of the company in
7 question.

8 39013 MR. WOLSON: Did he tell you it was a
9 watching brief?

10 39014 THE RIGHT HON. BRIAN MULRONEY: No,
11 he did not use that term. I said that was my
12 construction that I placed on it.

13 39015 MR. WOLSON: Okay. So there was no
14 definition really of the mandate?

15 39016 THE RIGHT HON. BRIAN MULRONEY: No,
16 which is why, sir, as I indicated a few days ago, why I
17 had to sit down and kind of figure out what I could
18 constructively and usefully do for him.

19 39017 MR. WOLSON: Did you discuss with him
20 after you received the retainer, even after he left,
21 did you call him or did you have a way of getting in
22 touch with him?

23 39018 THE RIGHT HON. BRIAN MULRONEY: The
24 only way that I had was through Fred Doucet --

25 39019 MR. WOLSON: When you --

1 39020 THE RIGHT HON. BRIAN MULRONEY: --
2 which is why -- sir, just to conclude -- which is why
3 after the meeting I called Fred to tell him that I had
4 met with Mr. Schreiber as he had arranged and that
5 Mr. Schreiber had indeed retained my services to
6 represent his interests internationally and that I
7 would get back to him.

8 39021 MR. WOLSON: Did you tell
9 Mr. Schreiber after the August meeting, did you call
10 him and say, Karlheinz, this is what I see I can do for
11 you? Did you do that?

12 39022 THE RIGHT HON. BRIAN MULRONEY: No,
13 because I think that would have been premature.

14 39023 What happened was that I set out
15 preparing for my visit to China, and as I looked at the
16 schedule that had come in and then further notes that
17 had come to me from the Government of China indicating
18 the people who were ready to receive me, and I took the
19 file out, the documents I had placed in the file, and
20 staring me in the face is the vehicle with white paint
21 on it and big United Nations markings all over it.

22 39024 So having told him I thought that
23 this was something that I could usefully do, given my
24 background and my experience at the United Nations, and
25 my knowledge that standardization was a growing feature

1 of NATO requirements, I figured well, maybe what I
2 could do here is see how I can get the United Nations
3 Security Council, through the P5, involved in this and
4 I'm going to try -- because I am going to China, I am
5 going to begin there as a member of the P5 by sounding
6 them out on this. That's how it began.

7 39025 MR. WOLSON: Did you discuss with
8 Schreiber the length of term of the retainer?

9 39026 THE RIGHT HON. BRIAN MULRONEY: No, I
10 did not. I did not.

11 39027 MR. WOLSON: So it was merely you
12 accept --

13 39028 THE RIGHT HON. BRIAN MULRONEY: It
14 appeared to be -- it appeared to be open-ended, yes.

15 39029 MR. WOLSON: So you accepted an
16 open-ended retainer without really -- when you left the
17 hotel you really at that time had not really figured
18 out what you would do. That came later; right?

19 39030 THE RIGHT HON. BRIAN MULRONEY: That
20 is right. As has happened in other situations,
21 services are often retained, lawyers and other people,
22 by clients simply to ensure that that person does not
23 act for anyone else, or in competition with the client.

24 39031 It has happened to me as well that I
25 have received these kinds of relationships and with no

1 more instructions than we will be back to you or we
2 will call you when we need you, but we want you on our
3 side.

4 39032 MR. WOLSON: So did Schreiber say
5 that to you?

6 39033 THE RIGHT HON. BRIAN MULRONEY: No,
7 but I think he told you. I think he told you that the
8 object of the exercise for him was that while he had
9 not given me specific instructions, he wanted to be
10 able to reactivate me for a big deal if it happened.

11 39034 MR. WOLSON: All right. So you leave
12 the meeting --

13 39035 THE RIGHT HON. BRIAN MULRONEY: M'hm.

14 39036 MR. WOLSON: -- with an open-ended
15 retainer --

16 39037 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 39038 MR. WOLSON: -- to act
18 internationally --

19 39039 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 39040 MR. WOLSON: -- but not really having
21 anything firm by way of any agreement in that respect?

22 39041 THE RIGHT HON. BRIAN MULRONEY: That
23 is right.

24 39042 MR. WOLSON: And at the end of the
25 meeting -- I take it that it was the end when he went

1 to pay you?

2 39043 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 39044 MR. WOLSON: He gives you an envelope
4 and what does he say to you?

5 39045 THE RIGHT HON. BRIAN MULRONEY: He
6 says this is the first payment on the retainer, or in
7 advance for the retainer, words to that effect. The
8 words retainer and advance were used and that's what he
9 said.

10 39046 MR. WOLSON: Does he tell you what is
11 in the envelope?

12 39047 THE RIGHT HON. BRIAN MULRONEY: No,
13 he did not.

14 39048 MR. WOLSON: Did he tell you it was
15 cash?

16 39049 THE RIGHT HON. BRIAN MULRONEY: He
17 told me it was cash in response to a hesitation that I
18 evinced. When I saw it, I knew that it wasn't a
19 cheque.

20 39050 MR. WOLSON: All right. So you
21 hesitated. Why did you hesitate?

22 39051 THE RIGHT HON. BRIAN MULRONEY:
23 Because this was my first time out after serving as
24 Prime Minister. I had not had this experience before.

25 39052 MR. WOLSON: The experience before

1 being taking cash?

2 39053 THE RIGHT HON. BRIAN MULRONEY: Of
3 been confronted like this.

4 39054 MR. WOLSON: With cash?

5 39055 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 39056 MR. WOLSON: Yes.

7 39057 THE RIGHT HON. BRIAN MULRONEY: And
8 so at that point in time, as I have indicated, I saw it
9 and said -- that's when I -- excuse me, that is when I
10 should have said I'm happy to try and do this, but I
11 need a cheque. Unfortunately --

12 39058 MR. WOLSON: Yes...?

13 39059 THE RIGHT HON. BRIAN MULRONEY: -- I
14 didn't say that. I should have and that is the genesis
15 of my difficulties today, was my error.

16 39060 MR. WOLSON: No, I understand that.

17 39061 THE RIGHT HON. BRIAN MULRONEY:
18 Simply because it would have changed the water
19 considerably had I done that.

20 39062 MR. WOLSON: Of course. Now, when
21 you hesitated, did you hesitate because it just was
22 contrary to your instincts?

23 39063 THE RIGHT HON. BRIAN MULRONEY: I
24 hesitated because I certainly felt that this was
25 unusual.

1 39064 MR. WOLSON: All right. And he then
2 said to you...?

3 39065 THE RIGHT HON. BRIAN MULRONEY: I am
4 an international businessman and I only deal in cash.

5 39066 MR. WOLSON: Stop there. Or maybe
6 you shouldn't stop there.

7 39067 Did you have something else you
8 wanted to say at that point?

9 39068 THE RIGHT HON. BRIAN MULRONEY: No,
10 sir.

11 39069 MR. WOLSON: All right. I am an
12 international businessman and I only deal in cash.

13 39070 Did you ask him what that meant?

14 39071 THE RIGHT HON. BRIAN MULRONEY: No.
15 It was widely known in those days that European --
16 principally European companies had different approaches
17 to business internationally than North American
18 businesses.

19 39072 So I was just -- I was aware
20 generally that the practices were not identical.

21 39073 MR. WOLSON: Did you think that
22 international businessman dealt with suitcases of cash?

23 39074 THE RIGHT HON. BRIAN MULRONEY: No, I
24 don't -- I didn't see a suitcase. I saw --

25 39075 MR. WOLSON: Or packages of cash?

1 39076 THE RIGHT HON. BRIAN MULRONEY: It
2 wasn't a package. It was a legal sized envelope.

3 39077 MR. WOLSON: What is a legal sized
4 envelope, the big manila type? Or what is a legal
5 sized envelope?

6 39078 THE RIGHT HON. BRIAN MULRONEY: The
7 medium size that you see in law firms all the time.

8 39079 MR. WOLSON: Okay.

9 39080 THE RIGHT HON. BRIAN MULRONEY: And
10 that was it. And so I hesitated and then he said what
11 he said and, as I have indicated to you, that's where I
12 very much regret not having said look, I think I can do
13 something for you here, Karlheinz, but I should be paid
14 by cheque.

15 39081 MR. WOLSON: Now, you have dealt with
16 many international business people and you are on the
17 boards of many international corporations; true?

18 39082 THE RIGHT HON. BRIAN MULRONEY: True.

19 39083 MR. WOLSON: Has any other
20 international man or woman of business ever given you
21 money in this fashion?

22 39084 THE RIGHT HON. BRIAN MULRONEY: No.
23 And I think the reason is that I have always dealt with
24 publicly traded corporations in all other instances and
25 I think that Mr. Schreiber, as it turns out, while

1 Chairman of Thyssen Canada, was really not a direct
2 decider in the Thyssen business and that he had his
3 own -- he was representing his own interests.

4 39085 And I find out now that that is what
5 he was really asking me to do, to help him in the
6 promotion of his own interests.

7 39086 MR. WOLSON: But at the time you
8 thought that he was associated with Thyssen --

9 39087 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 I did.

11 39088 MR. WOLSON: -- International.

12 39089 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 39090 MR. WOLSON: At the time you knew
14 they had 160,000 jobs worldwide

15 39091 THE RIGHT HON. BRIAN MULRONEY:
16 That's right.

17 39092 MR. WOLSON: At the time you knew
18 they had 3,000 jobs, people working for them in Canada.

19 39093 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 I did.

21 39094 MR. WOLSON: And you know that large
22 corporations like this don't deal in cash?

23 39095 THE RIGHT HON. BRIAN MULRONEY: Well,
24 large corporations like this in North America don't
25 deal in cash. Large corporations like this did deal in

- 1 cash in Europe.
- 2 39096 MR. WOLSON: Did you ever deal in
3 Europe with a corporation that paid you in cash?
- 4 39097 THE RIGHT HON. BRIAN MULRONEY: No, I
5 indicated that I did not.
- 6 39098 MR. WOLSON: All right. Did you know
7 whether Schreiber or Thyssen -- because you associated
8 the two at the time -- had shareholders?
- 9 39099 THE RIGHT HON. BRIAN MULRONEY:
10 Thyssen Canada?
- 11 39100 MR. WOLSON: Yes.
- 12 39101 THE RIGHT HON. BRIAN MULRONEY: I did
13 not know.
- 14 39102 MR. WOLSON: Or Thyssen Germany?
- 15 39103 THE RIGHT HON. BRIAN MULRONEY:
16 Thyssen Bear Head?
- 17 39104 MR. WOLSON: Yes.
- 18 39105 THE RIGHT HON. BRIAN MULRONEY: I did
19 not know.
- 20 39106 MR. WOLSON: Did you know whether
21 there were partners?
- 22 39107 THE RIGHT HON. BRIAN MULRONEY: In
23 those companies?
- 24 39108 MR. WOLSON: Yes.
- 25 39109 THE RIGHT HON. BRIAN MULRONEY: No, I

1 did not.

2 39110 MR. WOLSON: Okay. So you have never
3 had a client -- and I'm only talking about on the
4 international scene --

5 39111 THE RIGHT HON. BRIAN MULRONEY: M'hm.

6 39112 MR. WOLSON: You have never had a
7 client, aside from Schreiber, deal in cash?

8 39113 THE RIGHT HON. BRIAN MULRONEY: Mr.
9 Schreiber was the first person I met in that capacity
10 after I left office, and the comments that I have made
11 and the responses that I could give you are informed by
12 events and knowledge that I subsequently acquired as I
13 began to serve on boards elsewhere --

14 39114 MR. WOLSON: Yes.

15 39115 THE RIGHT HON. BRIAN MULRONEY: --
16 and acquire more experience.

17 39116 MR. WOLSON: But you began to serve
18 on boards when? When did you first begin? When did
19 you get involved with Barrick and several other of the
20 boards?

21 39117 THE RIGHT HON. BRIAN MULRONEY: I
22 would say in November/December of '93 and then much
23 later.

24 39118 MR. WOLSON: All right.

25 39119 THE RIGHT HON. BRIAN MULRONEY: But

1 European boards and international companies, what I'm
2 talking about here are Canadian and American companies.

3 39120 MR. WOLSON: Yes.

4 39121 THE RIGHT HON. BRIAN MULRONEY: The
5 international companies, many years later.

6 39122 MR. WOLSON: Okay.

7 39123 It has been your experience, though,
8 that any of the boards or international corporations
9 you have been involved in have paid by a more
10 transparent way?

11 39124 THE RIGHT HON. BRIAN MULRONEY: Mr.
12 Wolson --

13 39125 MR. WOLSON: Is that true?

14 39126 THE RIGHT HON. BRIAN MULRONEY: That
15 is true. What I quite frankly was surprised to
16 learn -- I did not know -- as the years went by that
17 international companies operating in Europe were indeed
18 operating in ways inconsistent with Canadian laws,
19 because they were making either political contributions
20 or bribes and writing them off on their taxes.

21 39127 MR. WOLSON: But this wasn't, in your
22 mind, either of those?

23 39128 THE RIGHT HON. BRIAN MULRONEY: No.
24 No. I'm indicating that.

25 39129 MR. WOLSON: Yes.

1 39130 THE RIGHT HON. BRIAN MULRONEY: This
2 was the extent -- a German company competing with a
3 Canadian company, say for a contract in Indonesia, was
4 allowed to provide bribes in that transaction, and
5 indeed write them off against their German income.

6 39131 MR. WOLSON: When did you find that
7 out?

8 39132 THE RIGHT HON. BRIAN MULRONEY: Oh,
9 as I started to serve on boards there --

10 39133 MR. WOLSON: When?

11 39134 THE RIGHT HON. BRIAN MULRONEY: -- a
12 number of years later, five or six years later. I
13 think that's when I began.

14 39135 MR. WOLSON: So about 1996, seven,
15 eight?

16 39136 THE RIGHT HON. BRIAN MULRONEY: I
17 would say, you know, in that ballpark.

18 39137 MR. WOLSON: Okay.

19 39138 THE RIGHT HON. BRIAN MULRONEY:
20 Somewhere in there. I can't be precise.

21 39139 But I guess the point is that by way
22 of comparison, I was also informed in that general
23 timeframe that the kind of practice that I have
24 described, which involved major international
25 corporations operating out of Germany, they would be in

1 competition with an American company with the Foreign
2 Corrupt Practices Act, where Americans would go to jail
3 if they tried to compete with a European company doing
4 the same thing that I have described.

5 39140 This indicates, I think, the
6 difference between the mindsets of these people. So
7 that I suppose when Mr. Schreiber said in those
8 circumstances -- and he certainly knew something that I
9 didn't know. When he said I am an international
10 businessman and I only deal in cash, I think that was
11 probably consistent with his experience.

12 39141 MR. WOLSON: In year nine years as
13 Prime Minister of this country, I am assuming that
14 there were some international business conducted.

15 39142 THE RIGHT HON. BRIAN MULRONEY: Oh,
16 sure.

17 39143 MR. WOLSON: And monies were paid by
18 the Government of Canada or by another government to
19 Canada for projects, I take it.

20 39144 THE RIGHT HON. BRIAN MULRONEY: I
21 assume so. Mostly on the development side, CIDA and
22 things like that.

23 39145 MR. WOLSON: Yes. And you are an
24 incredibly bright and sophisticated man. You would
25 know clearly that as far as Brian Mulroney is

1 concerned, you are not going to deal in cash.

2 39146 That is something that would be --

3 you would be careful with how you conduct business.

4 39147 THE RIGHT HON. BRIAN MULRONEY: I

5 think I told you, sir, that that was the mistake and

6 the genesis of the difficulties that I have had.

7 39148 MR. WOLSON: Just the mere hesitation

8 would speak volumes.

9 39149 THE RIGHT HON. BRIAN MULRONEY: I

10 think so.

11 39150 MR. WOLSON: Yes.

12 39151 THE RIGHT HON. BRIAN MULRONEY: And

13 it is to my, as you can imagine, eternal regret --

14 39152 MR. WOLSON: I understand that.

15 39153 THE RIGHT HON. BRIAN MULRONEY: --

16 that I didn't follow through and simply say -- it

17 wouldn't have been difficult, as it turned out -- look,

18 Karlheinz, this is something I think I can usefully do

19 for you, but I need a cheque.

20 39154 MR. WOLSON: Did it bother you

21 afterwards in terms of the next day or the next week or

22 the next month, sort of replaying the scenario and --

23 39155 THE RIGHT HON. BRIAN MULRONEY: No.

24 39156 MR. WOLSON: It didn't.

25 39157 THE RIGHT HON. BRIAN MULRONEY: No, I

1 wasn't -- I had what I expressed to you. I wasn't
2 traumatized at the moment by it. I thought it was
3 unconventional, but clearly it is -- it is perfectly
4 legal to deal in Canadian tender.

5 39158 He had asked me -- he asked me to do
6 work for him. He was going to pay me in Canadian
7 dollars, and I did the work.

8 39159 I knew that it was unconventional.
9 That's why I hesitated.

10 39160 MR. WOLSON: Now --

11 39161 THE RIGHT HON. BRIAN MULRONEY: But I
12 can't say anything beyond that, sir.

13 39162 MR. WOLSON: Did you think perhaps --
14 you knew Fred worked with him.

15 39163 You knew Fred had lobbied for him and
16 had a business relationship with -- Fred Doucet, that
17 is --

18 39164 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 Oh, yes.

20 39165 MR. WOLSON: -- had a business
21 relationship with Karlheinz Schreiber.

22 39166 THE RIGHT HON. BRIAN MULRONEY: Sure.

23 39167 MR. WOLSON: Did you phone Fred, who
24 is -- Fred must be close to like a brother to you.

25 39168 THE RIGHT HON. BRIAN MULRONEY: Well,

1 I'm not sure that he would appreciate that degree of
2 affinity.

3 39169 MR. WOLSON: He might. I think he
4 would be more worried about you.

5 39170 THE RIGHT HON. BRIAN MULRONEY: But
6 Fred and I were good friends for a long time.

7 39171 MR. WOLSON: Yes. Did you phone Fred
8 and say to Fred, you know, Fred, -- you called him
9 Fred?

10 39172 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 sir.

12 39173 MR. WOLSON: Did you say to him,
13 Fred, you know, something happened the other day with
14 your former client, Karlheinz Schreiber. Let me run
15 this by you and let me get your view of it.

16 39174 Did you do that?

17 39175 THE RIGHT HON. BRIAN MULRONEY: No, I
18 didn't and I ought to have, perhaps. But I didn't do
19 it any more than he called me to say that he was a
20 lobbyist and he had received money from Mr. Schreiber.
21 That was a personal matter.

22 39176 MR. WOLSON: You would have assumed
23 that he had received a cheque when --

24 39177 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 I probably did. Yes, sir.

1 39178 MR. WOLSON: And then what you --

2 39179 THE RIGHT HON. BRIAN MULRONEY: Now,

3 I did call him, as you know.

4 39180 MR. WOLSON: Yes.

5 39181 THE RIGHT HON. BRIAN MULRONEY: I

6 called him to report that the meeting had gone well and

7 that it was consistent with what he had told me, but I

8 didn't get into the amounts or the nature of the

9 payments.

10 39182 MR. WOLSON: Even without getting

11 into the amounts, it is so unconventional, as you have

12 said, for a Canadian -- that's true, isn't it?

13 39183 THE RIGHT HON. BRIAN MULRONEY: I

14 think that's true.

15 39184 MR. WOLSON: Yes. Being that it was

16 so unconventional, when you called Fred, irrespective

17 of saying the amount of money --

18 39185 THE RIGHT HON. BRIAN MULRONEY: M'hm.

19 39186 MR. WOLSON: -- because that may be a

20 personal matter.

21 39187 THE RIGHT HON. BRIAN MULRONEY: M'hm.

22 39188 MR. WOLSON: Did you say -- even

23 without saying he paid you in cash, did you say how did

24 this man pay you, Fred? Just to find out how Fred was

25 paid.

1 39189 THE RIGHT HON. BRIAN MULRONEY: I
2 have told you, sir, I didn't have that part of the
3 conversation with him.

4 39190 MR. WOLSON: Okay. Now you are
5 riding back to your cottage, the rented cottage.

6 39191 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 39192 MR. WOLSON: And you have this
8 seventy -- did you know how much money was in there?

9 39193 THE RIGHT HON. BRIAN MULRONEY: No, I
10 did not. I didn't have a briefcase --

11 39194 MR. WOLSON: Yes.

12 39195 THE RIGHT HON. BRIAN MULRONEY: --
13 and I had it with me. I walked out. The RCMP were
14 there. I went to the car and they drove me --

15 39196 MR. WOLSON: You put it in your suit
16 jacket or --

17 39197 THE RIGHT HON. BRIAN MULRONEY: No, I
18 just -- I carried it just like this.

19 39198 MR. WOLSON: So you are carrying --

20 39199 THE RIGHT HON. BRIAN MULRONEY: I had
21 it in my hand and we went -- there was nothing -- you
22 know, the fact that, if I may say, Mr. Commissioner, to
23 talk about I can understand if you wish to place a
24 sinister connotation on meetings in hotel rooms and so
25 on. The meetings in hotel rooms in this case took

1 place because he was going to Europe and he retained
2 the room.

3 39200 We have explored the question of the
4 cash payment. I didn't ask him for cash. I didn't
5 even know what he was going to do.

6 39201 He did this and, as I say, my error
7 was in not having insisted upon a cheque at the time.

8 39202 But here I arrive with two RCMP
9 officers, and the transaction is concluded and I get in
10 the vehicle with the RCMP and they drive me to the
11 cottage.

12 39203 MR. WOLSON: And you are holding --

13 39204 THE RIGHT HON. BRIAN MULRONEY: There
14 is nothing -- there was no sinister intention or
15 knowledge or any such thing.

16 39205 MR. WOLSON: And you are holding an
17 envelope in your hands --

18 39206 THE RIGHT HON. BRIAN MULRONEY:
19 Carrying it, just the way you would.

20 39207 MR. WOLSON: And you find out,
21 because you hadn't --

22 39208 THE RIGHT HON. BRIAN MULRONEY: At
23 home.

24 39209 MR. WOLSON: Yes. You find out at
25 home that there are 75 \$1,000 bills.

1 39210 THE RIGHT HON. BRIAN MULRONEY:
2 That's right, yeah.

3 39211 And I put it in the safe, and I
4 closed the safe.

5 39212 MR. WOLSON: So here you are, riding
6 with two Mounties, in a vehicle --

7 39213 THE RIGHT HON. BRIAN MULRONEY: Yeah.

8 39214 MR. WOLSON: -- holding this package.
9 Perhaps putting it down by your side as you are
10 driving, but nonetheless you have a package of cash.

11 39215 THE RIGHT HON. BRIAN MULRONEY: That
12 is right.

13 39216 MR. WOLSON: All right. You get home
14 and you open the package --

15 39217 THE RIGHT HON. BRIAN MULRONEY: I get
16 home, and I go into the cottage and open the small safe
17 that was there, and before I deposited it there I
18 opened it and looked at it, and counted it, and that's
19 what it was, \$75,000.

20 39218 MR. WOLSON: Did it strike you at
21 that time, now having had half an hour on the ride
22 back, to think to yourself, "You know, something is
23 rotten here in the State of Denmark," or something like
24 that? "It just doesn't sit well with me"?

25 39219 THE RIGHT HON. BRIAN MULRONEY: Well,

1 I had had the feeling, I told you, that this was
2 unconventional or unusual, and I reacted in that way.

3 39220 But, no, it was a payment that I put
4 in the safe and I was resolved to do good work for it.

5 39221 MR. WOLSON: Did you know whether or
6 not, or did you ask whether, or think whether, maybe,
7 this man is trying to evade his income taxes?

8 39222 THE RIGHT HON. BRIAN MULRONEY: No, I
9 did not.

10 39223 MR. WOLSON: All right. You head off
11 to China -- and we will talk about that China trip,
12 probably, this afternoon.

13 39224 THE RIGHT HON. BRIAN MULRONEY:
14 M'hmm.

15 39225 MR. WOLSON: You next meet with him,
16 Mr. Schreiber --

17 39226 Do you have any contact with
18 Schreiber between the receiving of this money and
19 December 17 or 18?

20 39227 THE RIGHT HON. BRIAN MULRONEY: The
21 contact was through Mr. Doucet, and --

22 39228 MR. WOLSON: You are in private
23 practice now, why would you need to have someone as an
24 intermediary?

25 39229 THE RIGHT HON. BRIAN MULRONEY: Well,

1 that's the way it began, and Mr. Schreiber was on the
2 trot all the time. I didn't know -- I didn't have
3 the -- I suppose that I could have tracked it down, but
4 I didn't have the coordonnées for him, and I called
5 Fred, which was the way I began, and told him --

6 39230 I think when I got back from China I
7 gave him -- I'm not sure -- I gave him a general
8 description of that, and he told me that Mr. Schreiber
9 would be coming to Canada at some early moment.

10 39231 I said, "Fine."

11 39232 MR. WOLSON: You always seem to --
12 with one exception, being The Savoy in Zurich in `98,
13 you are always operating through an intermediary with
14 Schreiber.

15 39233 I guess the other exception would be
16 the LOR, when he called you.

17 39234 THE RIGHT HON. BRIAN MULRONEY: Yeah,
18 and I think, at The Savoy as well, that wasn't an
19 exception, I think there was an intermediary there,
20 too.

21 39235 MR. WOLSON: Okay. So you have --

22 39236 THE RIGHT HON. BRIAN MULRONEY:
23 Either it was Francine, in my office, or it was Paul
24 Therrien, or someone else. I never called him
25 directly, and he never called me, except in that period

1 of 1995, when the LOR --

2 39237 MR. WOLSON: All right. So you have
3 no contact with Schreiber from August 27 -- the Mirabel
4 Hotel --

5 39238 THE RIGHT HON. BRIAN MULRONEY:
6 M'hmm.

7 39239 MR. WOLSON: "Yes" you answered?

8 39240 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.

10 39241 MR. WOLSON: -- until you see him at
11 the Hotel Queen Elizabeth.

12 39242 THE RIGHT HON. BRIAN MULRONEY: That
13 is right.

14 39243 MR. WOLSON: And between that time --
15 now a couple of months have passed. Right?

16 39244 THE RIGHT HON. BRIAN MULRONEY: Well,
17 I've been in China and away --

18 39245 MR. WOLSON: Yes.

19 39246 THE RIGHT HON. BRIAN MULRONEY: --
20 immediately thereafter, or almost immediately
21 thereafter, for the better part of a month, in various
22 ways.

23 39247 So I get back to Canada, which is
24 basically the first time that I am able to set foot in
25 my law firm on a sustained basis, and it was during

1 that timeframe, I am sure, that I called Fred and said:
2 Look, I've just gotten back from China, and here is
3 what has taken place.

4 39248 MR. WOLSON: And you never thought,
5 from August 27th until December 17th, as a former Prime
6 Minister, "This just isn't right"?

7 39249 THE RIGHT HON. BRIAN MULRONEY: Well,
8 look, you are asking me to reconstruct a thought --

9 39250 MR. WOLSON: I'm asking you if you
10 did, that's all.

11 39251 THE RIGHT HON. BRIAN MULRONEY: --
12 from 15 or 16 years ago.

13 39252 MR. WOLSON: Yes.

14 39253 THE RIGHT HON. BRIAN MULRONEY: I
15 indicated to you that, when it first happened, I
16 hesitated because I thought it was unconventional, and
17 it had certainly never happened to me before.

18 39254 And I have also indicated to you the
19 feeling that this was an error in judgment, in the
20 sense that I had never heard of it before, in terms
21 of --

22 39255 MR. WOLSON: I understand the
23 error --

24 39256 Yes, go ahead.

25 39257 THE RIGHT HON. BRIAN MULRONEY: I

1 certainly felt that hesitation at that time, but I
2 cannot say that I went on, as a result of that, you
3 know, being preoccupied by it on a daily basis. I was
4 trying to get started again --

5 39258 MR. WOLSON: So, as far as you
6 recall, you never gave it a second thought, more or
7 less.

8 39259 THE RIGHT HON. BRIAN MULRONEY: I
9 didn't say that, I said --

10 39260 MR. WOLSON: Well, did you?

11 39261 THE RIGHT HON. BRIAN MULRONEY: I
12 said that I can't recall being preoccupied by this on a
13 regular basis.

14 39262 MR. WOLSON: Did you think about it
15 at all?

16 39263 THE RIGHT HON. BRIAN MULRONEY: I
17 just can't tell you that. I may have. I may have, but
18 I'm not certain.

19 39264 If I could remember, I would tell
20 you, clearly.

21 39265 MR. WOLSON: I am sure you would.

22 39266 THE RIGHT HON. BRIAN MULRONEY: Yeah.

23 39267 MR. WOLSON: Now, you have the second
24 meeting at the QE, and you expect him to bring you cash
25 again?

1 39268 THE RIGHT HON. BRIAN MULRONEY: No.
2 I'm not expecting anything, least of all that, because
3 the initial retainer payment was only -- I don't
4 know -- three or four months before.

5 39269 MR. WOLSON: Did you expect -- after
6 being told at the Mirabel Hotel that he's an
7 international man of business and he deals in cash, did
8 you expect whenever you got subsequent retainers that
9 they would be in cash?

10 39270 THE RIGHT HON. BRIAN MULRONEY: I
11 didn't, no.

12 39271 MR. WOLSON: When you met with him at
13 the QE in Montreal, did you say to him, "Karlheinz, you
14 may be an international man of business, but I am a
15 former Prime Minister and I just don't like to go on in
16 this fashion"?

17 39272 Did you make a statement like that,
18 or some similar statement to him?

19 39273 THE RIGHT HON. BRIAN MULRONEY: No, I
20 didn't.

21 39274 First of all, I had no idea of what
22 he was going to do or say, and I had no knowledge of
23 the fact that he would give me the second payment on
24 the retainer and/or advance, but I didn't have that
25 conversation with him.

1 39275 MR. WOLSON: But it was the next time
2 you had seen him, or talked to him, after Mirabel.

3 39276 THE RIGHT HON. BRIAN MULRONEY: That
4 is right.

5 39277 MR. WOLSON: So any of your pent-up
6 thoughts, you would have had, at least, an opportunity
7 to raise them with him.

8 39278 THE RIGHT HON. BRIAN MULRONEY: No
9 doubt.

10 39279 MR. WOLSON: Now, when you met at the
11 Queen Elizabeth Hotel in Montreal, where is that in
12 relation to Ogilvy Renault?

13 39280 THE RIGHT HON. BRIAN MULRONEY: It is
14 on René Lévesque Boulevard, and Ogilvy Renault at that
15 time was, really, on the corner of Sherbrooke and
16 McGill College. So it would have been, I suppose,
17 maybe, ten blocks away.

18 39281 MR. WOLSON: Either, if you are a
19 walker, a short walk, or if you hopped into a cab --

20 39282 THE RIGHT HON. BRIAN MULRONEY: Oh,
21 it's not very far.

22 39283 MR. WOLSON: Did you suggest to Mr.
23 Schreiber through --

24 39284 And is it Fred who arranged this
25 meeting, too?

1 39285 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 it was.

3 39286 MR. WOLSON: Did you suggest to Fred,
4 "Fred, why don't you just have him pop up to Ogilvy
5 Renault"?

6 39287 Did you make that suggestion?

7 39288 THE RIGHT HON. BRIAN MULRONEY: No, I
8 think he -- Fred sought the meeting on Mr. Schreiber's
9 behalf on the weekend, either a -- I'm not sure -- a
10 Saturday or a Sunday, I'm not sure, but I believe
11 that's when it was.

12 39289 He said: I was told that he is in
13 town, to return to Germany or Switzerland, and he would
14 invite you for a cup of coffee at the Queen Elizabeth
15 Hotel.

16 39290 MR. WOLSON: Now, Schreiber has
17 testified that he had certain privileges at that hotel,
18 including -- I think he called it the Gold Key Floor --
19 and you may know this yourself, sir -- a lot of major
20 hotels have a floor for preferred customers --

21 39291 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 39292 MR. WOLSON: -- or for so-called
23 preferred customers --

24 39293 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 39294 MR. WOLSON: -- and they can go up

1 and have a cup of coffee, or have a beverage of some
2 kind, and some snacks.

3 39295 Was your meeting with him in a room
4 like that?

5 39296 THE RIGHT HON. BRIAN MULRONEY: All I
6 remember about it was a quite large coffee shop, an
7 ordinary coffee shop, with people milling around,
8 walking in --

9 39297 MR. WOLSON: Main floor or otherwise?

10 39298 THE RIGHT HON. BRIAN MULRONEY: I
11 don't know where it was.

12 39299 There were a couple of coffee shops
13 on the main floor -- or at least one on the main floor
14 of the hotel. There may have been some elsewhere. I
15 just can't remember where it was, except that it was a
16 fairly large, conventional coffee shop.

17 39300 MR. WOLSON: Do you know whether it
18 was the Gold Key --

19 39301 THE RIGHT HON. BRIAN MULRONEY: I do
20 not, sir.

21 39302 MR. WOLSON: Okay. So you can't say
22 one way or the other.

23 39303 THE RIGHT HON. BRIAN MULRONEY: No.
24 All I know is that there were a fair number of people
25 in there, and there were people walking in and out.

1 39304 MR. WOLSON: All right. So this
2 meeting takes place over --

3 39305 What time did you go to the hotel?

4 39306 THE RIGHT HON. BRIAN MULRONEY: I
5 think it was before noon, 11 o'clock maybe.

6 39307 MR. WOLSON: So you meet with him at
7 11 o'clock in the morning.

8 39308 THE RIGHT HON. BRIAN MULRONEY:
9 M'hmm.

10 39309 MR. WOLSON: Your answer is.?

11 39310 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 sir.

13 39311 MR. WOLSON: And how long is the
14 meeting?

15 39312 THE RIGHT HON. BRIAN MULRONEY:
16 Twenty minutes, half an hour, in that neighbourhood.

17 39313 MR. WOLSON: And what is discussed at
18 that meeting, please?

19 39314 THE RIGHT HON. BRIAN MULRONEY: Well,
20 what was discussed was, first of all, the results of
21 the election that had just taken place.

22 39315 MR. WOLSON: It didn't go the way you
23 thought it might.

24 39316 THE RIGHT HON. BRIAN MULRONEY: No,
25 or I had predicted --

1 39317 MR. WOLSON: Yes.

2 39318 THE RIGHT HON. BRIAN MULRONEY: --

3 not at all.

4 39319 So we had that discussion there, and

5 that discussion took however long for me to wipe the

6 egg off my face in regard to my election prediction --

7 39320 MR. WOLSON: These things happen, I'm

8 sure.

9 39321 THE RIGHT HON. BRIAN MULRONEY: Yeah.

10 39322 Then I gave him a general report on

11 my trip to China, that I had developed -- since our

12 meeting, I had developed the concept of using the G5 to

13 see if we couldn't replicate what they were seeking to

14 do in NATO, namely, the standardization of equipment,

15 and that I took advantage of my trip to China and my

16 friendship with leading members of the Chinese

17 government to begin the process of sounding them out as

18 to how this might operate, and how it might look at the

19 P5 later on.

20 39323 MR. WOLSON: So what you did, in

21 effect, was that you told him how you saw the

22 mandate --

23 39324 THE RIGHT HON. BRIAN MULRONEY:

24 That's right.

25 39325 MR. WOLSON: -- how you could best

1 assist.

2 39326 THE RIGHT HON. BRIAN MULRONEY: Yeah.

3 He had not given me any precise instructions
4 whatsoever, and I think he has testified before you
5 that he didn't ask me for reports, he didn't expect
6 reports, he expected me to do what I could on his
7 behalf.

8 39327 MR. WOLSON: I would like you to
9 focus on what your recollection is, as opposed to his
10 evidence.

11 39328 THE RIGHT HON. BRIAN MULRONEY: Okay.

12 39329 MR. WOLSON: The Commissioner has his
13 evidence.

14 39330 So you come there, and you dispense
15 with the egg on your face.

16 39331 THE RIGHT HON. BRIAN MULRONEY:

17 M'hmm.

18 39332 MR. WOLSON: You then talk about how
19 you perceive the mandate, in terms of how best you
20 could be useful.

21 39333 True?

22 39334 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 and how I already had begun to be useful.

24 39335 MR. WOLSON: Yes, and you tell him
25 the plan, and the plan is to see each of the five

1 permanent members of the Security Council. Right?

2 39336 THE RIGHT HON. BRIAN MULRONEY:

3 That's right.

4 39337 MR. WOLSON: What is the plan,

5 actually? You were going to see --

6 39338 THE RIGHT HON. BRIAN MULRONEY: Look,

7 it's very embryonic. I am given no instructions. I am

8 told that it's the essential equivalent of a watching

9 brief, and I conclude on my own that this is a way that

10 this can be usefully done, and I begin the process in

11 China.

12 39339 As I move along, my thought was

13 simple and the following. Motivated as I was, and

14 understanding, as I did, the NATO experience of

15 standardization and what have you, and the complaints

16 of many Canadians and suppliers about the quality of

17 our peacekeeping vehicles, I thought this might be a

18 good way to be helpful.

19 39340 So I began the discussions with the

20 Chinese, in the belief that I could eventually see the

21 members of the P5, and then take their considered

22 views, if they were favourable -- take their views in

23 an enhanced fashion, by further work by Thyssen on

24 costs and what have you, in a preliminary way -- take

25 them to the Secretary General and ask him if he would

1 consider taking this to the members of the P5 for their
2 consideration.

3 39341 MR. WOLSON: Who are going to buy the
4 vehicles?

5 39342 THE RIGHT HON. BRIAN MULRONEY: Well,
6 I assumed that they would be purchased, ultimately,
7 through the United Nations.

8 39343 MR. WOLSON: But would it be the UN
9 that was buying them?

10 39344 THE RIGHT HON. BRIAN MULRONEY: Well,
11 the UN is financed by its member countries --

12 39345 MR. WOLSON: Yes.

13 39346 THE RIGHT HON. BRIAN MULRONEY: -- so
14 that would have been a determination that the Council
15 would have had to make, and there was a difficulty
16 there, because a lot of people were opposed to the idea
17 of the United Nations having its own forces. But I
18 thought that was not insurmountable.

19 39347 MR. WOLSON: So this was --

20 39348 THE RIGHT HON. BRIAN MULRONEY: This
21 was a concept that I was developing, and I thought it
22 was a pretty good one.

23 39349 MR. WOLSON: All right. The concept,
24 though, was somewhat contrary to the norm, at least of
25 the UN.

1 39350 THE RIGHT HON. BRIAN MULRONEY: As it
2 then was.

3 39351 MR. WOLSON: Yes.

4 39352 THE RIGHT HON. BRIAN MULRONEY: But
5 people are moving more and more toward standardization.
6 If you have a peacekeeping operation, say, in Central
7 Africa, and the troops are from Bangladesh, and the
8 Saudis and the Canadians, and you have three different
9 types of equipment, and there are breakdowns and
10 replacements are required, and spare parts, and what
11 have you, it made -- I thought it made a lot more sense
12 to have the United Nations having access to a single
13 kind of vehicle that they could all service well.

14 39353 MR. WOLSON: Of course, if the UN
15 Secretary General --

16 39354 Who was it at the time, Ghali?

17 39355 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 Boutros-Ghali.

19 39356 MR. WOLSON: Boutros-Ghali. If Mr.
20 Ghali had said to you, "No, we are not doing this,
21 Brian -- "

22 39357 I am sure he called you that.

23 39358 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 39359 MR. WOLSON: I'm not trying to take
25 liberties here in that regard, but I am sure he would

1 have called you that.

2 39360 THE RIGHT HON. BRIAN MULRONEY:

3 M'hmm.

4 39361 MR. WOLSON: If he had said that, I
5 guess it would have been back to the drawing board.

6 39362 THE RIGHT HON. BRIAN MULRONEY: My
7 hope and belief was that he wouldn't say that, because
8 the United Nations was really hurting for money.

9 39363 The United States, as I have
10 indicated to you, through Senator Jesse Helms, who
11 controlled the Senate Foreign Relations Committee, had
12 put the squeeze, totally, on the United Nations. They
13 cut their budget very dramatically, and the United
14 Nations was effectively crippled.

15 39364 It was for that reason that I had
16 called Ambassador Stephen Lewis, whom I had appointed
17 to the United Nations, and said that, because of what
18 was happening to the UN, I was going to insist that
19 Canada's contributions to the United Nations and our
20 peacekeeping efforts, and so on -- that we try to make
21 them on the 1st of January, in advance, every year, to
22 signal our support to the United Nations and our
23 confidence in them.

24 39365 I said that I didn't want the
25 Secretary General of the United Nations becoming a

1 mendicant, and having to go around to member countries
2 with a tin cup, because the object of the United
3 Nations was to help us all, and we couldn't cripple it.

4 39366 MR. WOLSON: Let me focus you,
5 though --

6 39367 THE RIGHT HON. BRIAN MULRONEY: If I
7 may just conclude --

8 39368 MR. WOLSON: Sure.

9 39369 THE RIGHT HON. BRIAN MULRONEY: The
10 United Nations was overcome by budgetary problems
11 because the United States government contributes, at
12 least, at the time, 25 percent of the total budget of
13 the UN, and they were really crippled.

14 39370 And I thought that if I could come
15 up, with others, with a project that would cut down --
16 because of the concept, cut down peacekeeping costs by
17 \$100 million or \$200 million, whatever it was, that
18 they would appreciate that and probably look upon it
19 with favour.

20 39371 That was my hope.

21 39372 MR. WOLSON: Now, rather than go
22 around the world, why not walk down to the -- not walk
23 down to the United Nations, but take a flight from
24 Montreal -- it probably takes an hour and a half -- go
25 to see Mr. Ghali, say to Mr. Ghali, "This is my

1 proposal. I don't know whether I can get these other
2 countries to fall in line. Does it meet your favour,
3 or is it something that you think of?"

4 39373 Rather than going around the world,
5 visiting China, visiting Russia, going to the United
6 States, visiting France, going to England, why not just
7 go to see the Secretary General and say, "This is my
8 plan"?

9 39374 THE RIGHT HON. BRIAN MULRONEY:
10 Because the Secretary General is not, in any way, a
11 decision-maker at the United Nations. He is a
12 representative selected to execute policy that is
13 determined only by members of the P5 and the Security
14 Council, in much the same way as if someone were going
15 to do that with Canada --

16 39375 MR. WOLSON: Yes.

17 39376 THE RIGHT HON. BRIAN MULRONEY: If
18 they wanted a major development or project with Canada
19 and they went to see one of our ambassadors, say, at
20 the United Nations, very little would happen. The
21 ambassador would report, of course, because that is his
22 job, but until Prime Minister Harper said, "This is a
23 go," it's not going to happen.

24 39377 I knew that, and that's why, inasmuch
25 as I had begun with an opportunity -- I was going to be

1 in China anyway -- this was a good way to begin with
2 the people who really make the decisions and count.

3 39378 MR. WOLSON: Did you ever see Ghali?
4 39379 THE RIGHT HON. BRIAN MULRONEY: Did I
5 ever see him?

6 39380 MR. WOLSON: On this matter.
7 39381 THE RIGHT HON. BRIAN MULRONEY: No.
8 By the time I saw him -- this was after Airbus and the
9 crippling of the entire association.

10 39382 MR. WOLSON: That takes us to about
11 12:20. I am not finished on the Queen Elizabeth, but I
12 can do that when we come back.

13 39383 Obviously I am not going to be done
14 today.

15 39384 COMMISSIONER OLIPHANT: All right.
16 It's 12:20. What are you suggesting for the break?

17 39385 MR. WOLSON: I thought, if we could
18 finish today, we would take an hour for lunch -- and I
19 had raised that with some of my friends. We can't
20 finish, so if two o'clock suits everybody, we could
21 come back at two and --

22 39386 I notice that Mr. Mulroney is nodding
23 his head, and you are nodding yours, too, Mr. Pratte.

24 39387 People are nodding, so I will take
25 that, two o'clock, if that's convenient to you, sir.

- 1 39388 COMMISSIONER OLIPHANT: Just one
2 question, if I might. I find your concept interesting,
3 and I think you told us yesterday, or during the course
4 of your evidence, that the concept included the
5 acquisition of vehicles and the stationing of these
6 vehicles at, I think you said, four or five different
7 places in the world.
- 8 39389 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 trouble spots, in the area of trouble spots.
- 10 39390 COMMISSIONER OLIPHANT: Potential
11 trouble spots.
- 12 39391 THE RIGHT HON. BRIAN MULRONEY: Yes,
13 indeed.
- 14 39392 COMMISSIONER OLIPHANT: What was to
15 happen, the vehicles would sit there waiting for
16 trouble to break out?
- 17 39393 THE RIGHT HON. BRIAN MULRONEY: Not
18 necessarily, they could be used by the host countries,
19 or the regional requirements, but when trouble did
20 break out, say, in Central Africa, or elsewhere, they
21 could quickly be moved to the trouble spot.
- 22 39394 COMMISSIONER OLIPHANT: Just so I
23 have it right, let's say that you had a cache of
24 vehicles in Rwanda. Are you suggesting that the
25 Government of Rwanda could be using these vehicles

1 until a civil war broke out?

2 39395 THE RIGHT HON. BRIAN MULRONEY: No, I
3 am simply suggesting that it would be much preferable
4 to have the trouble spot countries having relatively
5 immediate access to these, rather than try to round
6 them up from around the world and fly them in.

7 39396 COMMISSIONER OLIPHANT: I understand.

8 39397 THE RIGHT HON. BRIAN MULRONEY:
9 That's what I was trying to say.

10 39398 COMMISSIONER OLIPHANT: A lot of the
11 peacekeeping efforts of the United Nations have
12 involved, for want of a better term, civil wars or
13 conflicts between ethnic groups within a country. Did
14 you really think it was a wise idea to let the
15 government in one of those spots have access to
16 equipment?

17 39399 THE RIGHT HON. BRIAN MULRONEY: No.
18 I'm sorry, sir; always under control of the United
19 Nations. For use by the United Nations in that region.

20 39400 COMMISSIONER OLIPHANT: I see. Okay.

21 39401 THE RIGHT HON. BRIAN MULRONEY:
22 Always under the control --

23 39402 And I was, I think, influenced by our
24 last experience at that time, in the early nineties --

25 39403 COMMISSIONER OLIPHANT: The Balkans?

1 39404 THE RIGHT HON. BRIAN MULRONEY: -- in
2 the Balkans.

3 39405 COMMISSIONER OLIPHANT: All right.

4 39406 We will break for lunch until two
5 o'clock.

6 39407 THE RIGHT HON. BRIAN MULRONEY: Thank
7 you.

8 --- Upon recessing at 12:23 p.m. / Suspension à 12 h 23
9 --- Upon resuming at 2:05 p.m. / Reprise à 14 h 05

10 39408 COMMISSIONER OLIPHANT: Be seated,
11 please.

12 39409 Mr. Wolson...?

13 39410 MR. WOLSON: General Hospital update
14 on Mr. Schreiber is that Mr. Auger has talked to him
15 today. I think he was going to be assessed by his
16 doctor today, and we will see how the recovery period
17 goes. But that is the latest.

18 39411 COMMISSIONER OLIPHANT: All right.
19 Thank you.

20 39412 THE RIGHT HON. BRIAN MULRONEY: Mr.
21 Commissioner, with your permission, sir --

22 39413 COMMISSIONER OLIPHANT: Yes...?

23 39414 THE RIGHT HON. BRIAN MULRONEY: May I
24 just complete the comment that we were chatting about
25 in regard to the question that you raised about the UN?

1 39415 COMMISSIONER OLIPHANT: Certainly.

2 39416 THE RIGHT HON. BRIAN MULRONEY: And
3 Rwanda as you raised it.

4 39417 The problem there was of course that
5 when General Dallaire and others called the United
6 Nations, there was no response and 800,000 to a million
7 people were massacred because of the lack of that, to
8 the point where President Clinton felt obliged to go
9 back to Central Africa to apologize on behalf of the
10 United States and the United Nations for lack of action
11 while he was there.

12 39418 And, you know, people have written
13 about it, including General Dallaire, for example, on
14 the difference it could have made if there had been,
15 say, 100 or 200 or 250 vehicles pre-positioned
16 elsewhere, say in Nigeria, which could have come to the
17 rescue immediately.

18 39419 They couldn't even get an answer from
19 peacekeeping headquarters in the United Nations, and I
20 think General Dallaire has spoken eloquently about
21 that.

22 39420 The other matter that you had raised,
23 Mr. Commissioner, was in terms of the standardization.

24 39421 Before lunch I was going to mention
25 to you that Canada had a special problem in that regard

1 in 1991, and it dealt with what was referred to then as
2 the inter-operability of communications.

3 39422 We deployed our squadron of CF-18s to
4 the Gulf area and when we got them there, because of
5 the lack of standardization, we were unable to
6 communicate with the Americans who had the same
7 aircraft but a much more sophisticated system of
8 communications, as a result of which Canada, I was
9 advised as Prime Minister by the Defence Department,
10 that Canada had to be assigned entirely different
11 responsibilities, namely in the area of surveillance as
12 opposed to the bombing runs and others that -- although
13 we did participate very actively and bravely in that
14 war, our men.

15 39423 But that was the question of
16 standardization as it applied in practice to a major
17 problem when I was Prime Minister.

18 39424 So obviously that, too, impacted on
19 my view of these things and the importance of them.

20 39425 COMMISSIONER OLIPHANT: All right.
21 Thank you very much.

22 39426 MR. WOLSON: Mr. Mulroney, just for
23 the record -- and I'm sure you will agree -- when you
24 say you were chatting before or you said that to me,
25 the chatting refers to your evidence in the inquiry?

1 39427 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 I'm sorry.

3 39428 MR. WOLSON: Yes.

4 39429 THE RIGHT HON. BRIAN MULRONEY: Yes.
5 What I meant was just before the lunch break --

6 39430 MR. WOLSON: Yes.

7 39431 THE RIGHT HON. BRIAN MULRONEY: --
8 the Commissioner had raised some important questions --

9 39432 MR. WOLSON: Yes.

10 39433 THE RIGHT HON. BRIAN MULRONEY: --
11 and the dialogue on that was not completed.

12 39434 MR. WOLSON: Yes. There is no
13 chatting going on behind the curtains is the point.

14 39435 THE RIGHT HON. BRIAN MULRONEY: No.
15 No, not at all.

16 39436 MR. WOLSON: All right. I had you
17 back in 1993, a winter day, December 17th or 18th --

18 39437 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 39438 MR. WOLSON: -- at the Queen
20 Elizabeth Hotel, either at the Gold Key floor or at a
21 coffee shop at the Queen Elizabeth Hotel.

22 39439 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 39440 MR. WOLSON: And you were telling the
24 Commissioner that you were talking to Mr. Schreiber
25 about China --

1 39441 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 39442 MR. WOLSON: -- and about your recent
3 trip to China.

4 39443 THE RIGHT HON. BRIAN MULRONEY:
5 That's right.

6 39444 MR. WOLSON: And that you told
7 Mr. Schreiber about your plan, your thought at least,
8 that perhaps this could be done through the UN.

9 39445 THE RIGHT HON. BRIAN MULRONEY:
10 Right.

11 39446 MR. WOLSON: So in effect, by that
12 time, the 17th or 18th of December '93, you had a
13 mandate in effect. The mandate was to assist
14 internationally you say --

15 39447 THE RIGHT HON. BRIAN MULRONEY: M'hm.

16 39448 MR. WOLSON: -- on the Thyssen
17 Project, and it would be through the UN. And that's
18 what you discussed -- or at least that's what you told
19 Mr. Schreiber.

20 39449 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 an embryonic mandate that I was constructing myself --

22 39450 MR. WOLSON: Yes.

23 39451 THE RIGHT HON. BRIAN MULRONEY: --
24 because I was given no direction or specific
25 instructions.

1 39452 MR. WOLSON: All right. And you
2 said, when Mr. Pratte was asking you questions, that he
3 had fallen in love with Liberals --

4 39453 THE RIGHT HON. BRIAN MULRONEY: M'hm.

5 39454 MR. WOLSON: -- your answer is yes?

6 39455 THE RIGHT HON. BRIAN MULRONEY: Yes,
7 as many people had at that time.

8 39456 MR. WOLSON: All right. But he was
9 certainly one of them?

10 39457 THE RIGHT HON. BRIAN MULRONEY: He
11 really was.

12 39458 MR. WOLSON: All right. And the
13 meeting was how long?

14 39459 THE RIGHT HON. BRIAN MULRONEY: I
15 don't know, 35, perhaps 40 minutes.

16 39460 MR. WOLSON: All right. And you
17 think it was a Saturday?

18 39461 THE RIGHT HON. BRIAN MULRONEY: I
19 think it was a Saturday.

20 39462 MR. WOLSON: You had come from your
21 home to meet with him at the hotel?

22 39463 THE RIGHT HON. BRIAN MULRONEY: I had
23 come from my home. The reason I think it was a
24 Saturday, but I'm not sure --

25 39464 MR. WOLSON: Yes...?

1 39465 THE RIGHT HON. BRIAN MULRONEY: --
2 was the informality of the dress of people who came
3 into the coffee shop and came over to see me and shake
4 hands and occasionally ask for an autograph or
5 something like that.

6 39466 MR. WOLSON: All right.

7 39467 THE RIGHT HON. BRIAN MULRONEY: It
8 looked like casual dress for the weekend, I think.

9 39468 MR. WOLSON: So you had actually come
10 downtown --

11 39469 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 39470 MR. WOLSON: -- to see him?

13 39471 THE RIGHT HON. BRIAN MULRONEY: Yes.
14 I think Mr. Doucet had communicated with me and asked
15 me if I could come down and meet him for a cup of
16 coffee, yes.

17 39472 MR. WOLSON: So the first time you
18 went to his hotel at Mirabel. The second meeting you
19 went to the Queen Elizabeth to meet him on a Saturday,
20 you believe?

21 39473 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 39474 MR. WOLSON: Did you ask him for
23 money the second time?

24 39475 THE RIGHT HON. BRIAN MULRONEY: I
25 never asked him for a nickel in my life.

1 39476 MR. WOLSON: All right.

2 39477 You didn't expect money to be given?

3 39478 THE RIGHT HON. BRIAN MULRONEY: I did

4 not. In fact, I was very surprised because it had only

5 been some months before when -- but he did offer some

6 explanation when he said that inasmuch as his trips to

7 North America were extremely irregular, he wanted to

8 take advantage of that visit to Montréal on his way

9 back to Germany to meet with me.

10 39479 MR. WOLSON: Did you -- you didn't

11 expect money to be given, but he gave you an envelope.

12 39480 THE RIGHT HON. BRIAN MULRONEY: Yes,

13 he did.

14 39481 MR. WOLSON: You knew -- and this was

15 another legal sized envelope?

16 39482 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 Identical, yes.

18 39483 MR. WOLSON: You knew that there was

19 cash inside?

20 39484 THE RIGHT HON. BRIAN MULRONEY: Yes,

21 I did.

22 39485 MR. WOLSON: He didn't tell you again

23 that he is an international businessman --

24 39486 THE RIGHT HON. BRIAN MULRONEY: No,

25 he didn't -- no, he didn't have to. He had already

1 made that point.

2 39487 MR. WOLSON: All right. So he put
3 the money on the table --

4 39488 THE RIGHT HON. BRIAN MULRONEY: M'hm.

5 39489 MR. WOLSON: Your answer is yes.

6 39490 THE RIGHT HON. BRIAN MULRONEY: In
7 front of everybody in the coffee shop.

8 39491 MR. WOLSON: Of course no one knew
9 what was in there --

10 39492 THE RIGHT HON. BRIAN MULRONEY: No,
11 of course not.

12 39493 MR. WOLSON: -- but you.

13 39494 THE RIGHT HON. BRIAN MULRONEY: Of
14 course not.

15 39495 MR. WOLSON: You knew what was in
16 there because he had --

17 39496 THE RIGHT HON. BRIAN MULRONEY:
18 That's exactly right.

19 39497 MR. WOLSON: -- given you a similar
20 envelope. Yes.

21 39498 THE RIGHT HON. BRIAN MULRONEY:
22 Exactly right.

23 39499 MR. WOLSON: So he puts the money
24 down on the table. You picked it up and put it in your
25 jacket or something?

1 39500 THE RIGHT HON. BRIAN MULRONEY: No.
2 I picked it up when it was time to leave, and I walked
3 out with it. I didn't put it in my jacket. I had no
4 briefcase or anything like that.

5 39501 MR. WOLSON: All right.

6 39502 THE RIGHT HON. BRIAN MULRONEY: I
7 just walked out with it in my hand.

8 39503 MR. WOLSON: Did you say to him,
9 having hesitated the first time in Montréal at the
10 Mirabel -- or I should say at Mirabel. Did you say to
11 him -- or did you hesitate a second time? Let me ask
12 you that.

13 39504 THE RIGHT HON. BRIAN MULRONEY: No.
14 I perhaps ought to have, but I didn't. I just thought
15 this was part then of, I will admit an unusual
16 arrangement, but I didn't raise any objections at that
17 time.

18 39505 MR. WOLSON: Nor did you say to him,
19 Schreiber, you gave me cash the first time, let's do
20 this now by cheque?

21 39506 THE RIGHT HON. BRIAN MULRONEY: Nor
22 did I say that, to my regret.

23 39507 MR. WOLSON: I understand that.

24 39508 Why didn't you put the money in the
25 bank?

1 39509 THE RIGHT HON. BRIAN MULRONEY:
2 Why -- at that moment?

3 39510 MR. WOLSON: Well, if it were a
4 Saturday --

5 39511 THE RIGHT HON. BRIAN MULRONEY: Yeah.

6 39512 MR. WOLSON: -- it would be tough to
7 do.

8 39513 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 exactly.

10 39514 MR. WOLSON: But why didn't you put
11 the money in the bank on a Monday or a Tuesday or
12 whenever?

13 39515 THE RIGHT HON. BRIAN MULRONEY: Well,
14 I brought it home on that Saturday and I put it in the
15 safe at home and I left it there.

16 39516 MR. WOLSON: Well, let me ask you
17 this. Had you forgotten about it?

18 39517 THE RIGHT HON. BRIAN MULRONEY: No.
19 I just left it there.

20 39518 MR. WOLSON: Okay. Had you used --

21 39519 THE RIGHT HON. BRIAN MULRONEY: It
22 was a retainer, an advance. I was not going to -- I
23 had no need for it at that time. I didn't construe it
24 as my money until I took it into income and therefore I
25 just -- it was left there.

1 39520 MR. WOLSON: Alongside the other
2 \$75,000.

3 39521 THE RIGHT HON. BRIAN MULRONEY: That
4 is right.

5 39522 MR. WOLSON: You had not used the
6 first \$75,000 at all?

7 39523 THE RIGHT HON. BRIAN MULRONEY: Just
8 inasmuch as with the exception of a payment for
9 expenses, a smaller amount of payment for expenses, to
10 China, although I'm not sure that I had completed my
11 work at that time on it.

12 39524 But I did take expenses for the China
13 trip, but no income whatsoever.

14 39525 MR. WOLSON: All right. So at some
15 point of the first \$75,000 from Mirabel, you had used
16 some of that for expenses?

17 39526 THE RIGHT HON. BRIAN MULRONEY:
18 That's right.

19 39527 MR. WOLSON: Do you know how much?

20 39528 THE RIGHT HON. BRIAN MULRONEY: I
21 think it was -- I had the notations -- I had paid for
22 everything with credit cards, and I had the notations
23 that I made on my travelling documents, which I used to
24 compute the expenses in general terms. But I think it
25 was roughly \$10,000 or \$12,000.

1 39529 MR. WOLSON: For the China trip?

2 39530 THE RIGHT HON. BRIAN MULRONEY: I

3 believe so. Well, yes, the China --

4 39531 MR. WOLSON: Where are those

5 notations and expenses?

6 39532 THE RIGHT HON. BRIAN MULRONEY: Well,

7 I think that when I took it into income and the money

8 became mine, that those were disposed of in the normal

9 course of business.

10 39533 MR. WOLSON: Okay. You don't have

11 them any more?

12 39534 THE RIGHT HON. BRIAN MULRONEY: No, I

13 don't. I had them, but I don't have them any more. I

14 guess it was 16 years ago or so.

15 39535 MR. WOLSON: Okay. You had the UN

16 documents that you brought to the inquiry.

17 39536 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 39537 MR. WOLSON: You had the lawsuit that

19 Schreiber said that he was going to institute against

20 the Government of Canada.

21 39538 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 39539 MR. WOLSON: But the expenses you had

23 destroyed when you paid the taxes?

24 39540 THE RIGHT HON. BRIAN MULRONEY: I

25 didn't destroy them. They were disposed of. I have no

1 recollection of destroying anything. Yes.

2 39541 MR. WOLSON: They were disposed of --

3 39542 THE RIGHT HON. BRIAN MULRONEY: Yes,

4 in the normal --

5 39543 MR. WOLSON: -- after you --

6 39544 THE RIGHT HON. BRIAN MULRONEY: In

7 the normal course of business, yes.

8 39545 MR. WOLSON: Okay. Now, when you

9 left the hotel you took the money and put it in your

10 safe at home.

11 39546 THE RIGHT HON. BRIAN MULRONEY:

12 That's right.

13 39547 MR. WOLSON: There would have been

14 about \$65,000 left from the first \$75,000; right?

15 39548 THE RIGHT HON. BRIAN MULRONEY:

16 That's right.

17 39549 MR. WOLSON: How did you, in the

18 first \$10,000 that you had used -- they were ten \$1,000

19 bills; right?

20 39550 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 39551 MR. WOLSON: You just transact them

22 at the bank?

23 39552 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 39553 MR. WOLSON: Or just offset the

25 expenses on your credit card --

1 39554 THE RIGHT HON. BRIAN MULRONEY:
2 That's right.

3 39555 MR. WOLSON: -- and took \$10,000 to
4 offset the expenses that you had paid for.

5 39556 Is that how you did it?

6 39557 THE RIGHT HON. BRIAN MULRONEY: Yes,
7 that's right.

8 39558 MR. WOLSON: And you would just then
9 incorporate that \$10,000 back into your finances?

10 39559 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 no income whatsoever.

12 39560 MR. WOLSON: But you put --

13 39561 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 you're right.

15 39562 MR. WOLSON: The ten \$1,000 bills
16 back into your finances?

17 39563 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 ten less to be computed as income.

19 39564 MR. WOLSON: That's right.

20 39565 THE RIGHT HON. BRIAN MULRONEY: M'hm.

21 39566 MR. WOLSON: And why, then, again,
22 did you not put the money in Cansult, your consulting
23 company or in a bank to create some kind of ongoing
24 transparency?

25 39567 THE RIGHT HON. BRIAN MULRONEY: I

1 simply wasn't thinking that way at the time. I had
2 begun the process like that and I maintained it like
3 that.

4 39568 MR. WOLSON: Okay. When did you
5 decide the first time at Mirabel to maintain it as a
6 cash deal as opposed to using a bank?

7 39569 THE RIGHT HON. BRIAN MULRONEY: Well,
8 I didn't make a strategic determination. I brought it
9 home and put it in the -- put it in the safe, where it
10 remained when I took off for China and came back about
11 a month later, and I was into that process at the time.

12 39570 MR. WOLSON: Actually, what probably
13 happened is you took the money, the \$75,000, put it in
14 some kind of box at L'Esterel -- because you were at
15 your summer cottage; right?

16 39571 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 39572 MR. WOLSON: Then you would have
18 taken the money and taken it to Montréal and put it in
19 your home safe.

20 39573 Is that what you would have done?

21 39574 THE RIGHT HON. BRIAN MULRONEY: I
22 think that is what I have already said, sir.

23 39575 MR. WOLSON: Okay. Taking the money
24 out from your cottage, did it not occur to you then,
25 just say to yourself, you know, this is too

1 unconventional. I am going to do something more
2 conventional.

3 39576 That never occurred to you?

4 39577 THE RIGHT HON. BRIAN MULRONEY: It
5 didn't. As I say to you, with the benefit of
6 hindsight, no doubt it ought to have, but it didn't.

7 39578 I was in the process of trying to get
8 started again and trying to get back into private life,
9 doing a number of things. I didn't have in any way any
10 support staff whatsoever. I was trying to do things
11 myself.

12 39579 And I will certainly acknowledge that
13 part of it I didn't do well.

14 39580 MR. WOLSON: What would having
15 support staff have to do with depositing the money in a
16 bank?

17 39581 THE RIGHT HON. BRIAN MULRONEY: Well,
18 if he had -- if he had come to me, for example, at the
19 time I was installed in my legal firm and had an
20 assistant, secretary, and so on, come to my place of
21 business, I suspect that had the same thing been
22 replicated, I would have said look, we are here during
23 business hours and what have you. Just give me -- can
24 you give me a cheque to begin this relationship, which
25 is what I should have said at Mirabel, but which I

1 didn't.

2 39582 MR. WOLSON: So the fact that the
3 transaction took place either at Mirabel or the Queen
4 Elizabeth when you didn't have a legal assistant
5 available caused you to not proceed the way you would
6 ordinarily have proceeded if this had been in your
7 office, for instance?

8 39583 THE RIGHT HON. BRIAN MULRONEY: Well,
9 as you know, it's the -- as I have testified, this is
10 the only instance that this has ever happened to me.

11 39584 MR. WOLSON: Yes...?

12 39585 THE RIGHT HON. BRIAN MULRONEY: It
13 was my first experience leaving office and it was, as
14 it turns out, a particularly unhappy one.

15 39586 MR. WOLSON: But it was happening to
16 you over and over again.

17 39587 THE RIGHT HON. BRIAN MULRONEY: No.
18 It happened to me three times.

19 39588 MR. WOLSON: Three times.

20 39589 THE RIGHT HON. BRIAN MULRONEY: This
21 was not a recurring matter forever. It happened on
22 three occasions --

23 39590 MR. WOLSON: Over a year.

24 39591 THE RIGHT HON. BRIAN MULRONEY: --
25 and we will talk about those.

1 39592 MR. WOLSON: Yes.

2 39593 THE RIGHT HON. BRIAN MULRONEY: No.

3 all I'm saying -- there are no excuses or anything.

4 All I'm saying was that had he visited me during

5 business hours in my office in Montréal and the same

6 situation been replicated, I think I would have said

7 what I ought to have said: Make that a cheque and we

8 can do some business.

9 39594 MR. WOLSON: Okay.

10 39595 THE RIGHT HON. BRIAN MULRONEY: But I

11 didn't.

12 39596 MR. WOLSON: All right. Do you have

13 any contact with him from the time that you end the

14 Queen Elizabeth meeting until you see him in New York?

15 39597 And you see him in New York on

16 December 8, 1994, just about a year, give or take a few

17 days.

18 39598 THE RIGHT HON. BRIAN MULRONEY: I

19 believe that during that timeframe the contact remained

20 the same, through Mr. Doucet.

21 39599 MR. WOLSON: Did you have any? Did

22 you speak to him?

23 39600 THE RIGHT HON. BRIAN MULRONEY: With

24 Mr. Doucet?

25 39601 MR. WOLSON: Mr. Schreiber.

1 39602 THE RIGHT HON. BRIAN MULRONEY: No, I
2 don't believe I did.

3 39603 I may be out on that, but I don't
4 believe I did.

5 39604 MR. WOLSON: Okay. No telephone
6 calls -- I'm not asking you this because I have a
7 telephone call that I am going to run up and show you.

8 39605 I am asking you whether or not you
9 recall whether there was any telephone contact, in
10 person contact, fax contact, any kind of contact over
11 that year period that you can assist us with today?

12 39606 THE RIGHT HON. BRIAN MULRONEY: Well,
13 he indicated that he had not asked me for any reports,
14 that he did not ask me either to produce accounts; that
15 he took this, as I did essentially, that this would be
16 a watching brief, that he, as he said, liked to call
17 upon me for a larger issue.

18 39607 I thought I was working on that.

19 39608 But I hadn't advanced to the point
20 where I thought that this could in any way be
21 considered a done deal or something that might
22 reasonably be construed as a done deal.

23 39609 I had seen one member of the P5 at
24 the time, and I was trying to advance the concept that
25 I had been discussing with the Chairman about this

1 question. It wasn't until the summer that I visited
2 Russia, and I think that after that I spoke to
3 Mr. Doucet about it.

4 39610 But I had no -- I don't think I had a
5 direct communication with him.

6 39611 MR. WOLSON: All right. So you have
7 now twice met each time at a hotel, although the second
8 time in a coffee bar in the hotel.

9 39612 You have twice -- that's true, sir?

10 39613 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 but may I just make a comment?

12 39614 When you say a hotel, well, yes, but
13 we are at the hotel not because there was anything I
14 think sinister about it. It was because I was invited
15 to the coffee -- a public coffee shop in a hotel in
16 Montréal because he was, I assume, staying there on his
17 way back to Europe, as he had invited me to Mirabel not
18 to come to a hotel, but because he was there on his way
19 back to Europe. And it was as a matter of mutual
20 convenience.

21 39615 But the whole question of hotel rooms
22 sounds a little sinister and there was no such -- I
23 suppose we can all come to our own conclusions, but
24 there was no such intention.

25 39616 MR. WOLSON: You see, the problem is

1 some may say -- some Canadians may say it does sound a
2 little sinister, not just meeting in hotel rooms, but
3 dealing in cash in \$1,000 bills; for a former Prime
4 Minister to be meeting a fellow who he has been working
5 with in terms of the fellow trying to sell him
6 something over a many year period.

7 39617 Your comment on that?

8 39618 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 I was the fellow who cancelled his project.

10 39619 MR. WOLSON: Yes.

11 39620 THE RIGHT HON. BRIAN MULRONEY: And
12 it cost him, as he has said many times, hundreds of
13 millions of dollars, I believe.

14 39621 MR. WOLSON: Yes. You keep saying
15 that you cancelled the program --

16 39622 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 39623 MR. WOLSON: -- but on the other
18 hand, it kept coming back. So while it was cancelled
19 initially --

20 39624 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 39625 MR. WOLSON: -- the program came back
22 on very various fronts.

23 39626 You agree with that?

24 39627 THE RIGHT HON. BRIAN MULRONEY: Did
25 it succeed?

1 39628 MR. WOLSON: Well --

2 39629 THE RIGHT HON. BRIAN MULRONEY: While

3 I was in office?

4 39630 MR. WOLSON: It didn't succeed --

5 39631 THE RIGHT HON. BRIAN MULRONEY: No,

6 it did not, because I killed the project. We are

7 living in a democracy.

8 39632 MR. WOLSON: Yes.

9 39633 THE RIGHT HON. BRIAN MULRONEY: I

10 can't stop a Canadian citizen or anyone else who wants

11 to come back and reconfigure a project or try and move

12 it to a different part of the country in the hope that

13 it might fly in those circumstances.

14 39634 MR. WOLSON: Did you think the optics

15 of this man working with you in government, through

16 your friends, trying to sell the Canadian government a

17 multimillion dollar project, and then you, when you are

18 days out of government doing business with him on a

19 similar project, but on a different scale in terms of

20 you say not in Canada but on an international basis --

21 did you think the optics of that were of concern to

22 you?

23 39635 THE RIGHT HON. BRIAN MULRONEY: Well,

24 you just made, sir, the vital distinction. My

25 involvement after I left office and after I was no

1 longer Prime Minister was for a specific international
2 mandate that I thought would be appropriate.

3 39636 Let me say this. He comes to see me
4 48 hours before I leave office, just a courtesy visit
5 to say goodbye. It would be quite a stretch to
6 consider that I, as still Prime Minister of Canada,
7 having brought in the Code of Conduct in 1985 myself,
8 would violate that Code of Conduct for 48 hours before
9 I left office.

10 39637 I think it is probably even more
11 preposterous to believe that he hired me to do
12 something as a private consultant which I could not or
13 would not do as Prime Minister of Canada.

14 39638 So there was no -- I didn't place the
15 negative or perhaps spurious construction on that that
16 perhaps other people legitimately might. But because
17 that was pretty clear in my mind, that I had no
18 apprehensions about that part of it.

19 39639 The suggestion in your question,
20 however, is different.

21 39640 And I also regret the fact that, in
22 retrospect, by dealing with Mr. Schreiber in the way
23 that I did, even with the best of intentions, that that
24 conduct, the manner in which it was done, could give
25 rise to legitimate suspicions by honest Canadians,

1 thoughtful Canadians, that something inappropriate
2 might have taken place.

3 39641 MR. WOLSON: Exactly then what
4 conduct are you talking about when you make that
5 statement?

6 39642 THE RIGHT HON. BRIAN MULRONEY: No,
7 I'm talking about the circumstances --

8 39643 MR. WOLSON: Yes...?

9 39644 THE RIGHT HON. BRIAN MULRONEY: -- of
10 the transaction.

11 39645 MR. WOLSON: The circumstances
12 being...?

13 39646 THE RIGHT HON. BRIAN MULRONEY: The
14 fact that it was not sufficiently documented.

15 39647 MR. WOLSON: I see. Now, let me ask
16 you this. You were going to -- and you said that you
17 had created the mandate in your own mind --

18 39648 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 39649 MR. WOLSON: -- and you were going to
20 try to help this project along by selling it, if you
21 could, to the UN through its Security Council; right?

22 39650 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 39651 MR. WOLSON: If you sold the idea,
24 where were the vehicles going to come from?

25 39652 THE RIGHT HON. BRIAN MULRONEY: I

1 have indicated, I think in other circumstances, that --

2 39653 MR. WOLSON: What other

3 circumstances?

4 39654 THE RIGHT HON. BRIAN MULRONEY: I

5 think when I testified.

6 39655 MR. WOLSON: Here?

7 39656 THE RIGHT HON. BRIAN MULRONEY:

8 Either here or before the Committee.

9 39657 MR. WOLSON: The Ethics Committee.

10 39658 THE RIGHT HON. BRIAN MULRONEY: I'm

11 not certain.

12 39659 That look, if I had gone to, say,

13 there or Russia or France and, even though it was not

14 my intention, I was not there on a sales mission. I

15 was trying to sell the concept --

16 39660 MR. WOLSON: Yes.

17 39661 THE RIGHT HON. BRIAN MULRONEY: -- to

18 find out how responsive they might or might not be to

19 the concept.

20 39662 If someone had said, a decision-maker

21 in those countries, look, I'm happy you came along, it

22 happens that we need 250 or 500 vehicles right now.

23 Could you do anything to help us? Although that had

24 not been my intention, it certainly would have been

25 part of my watching brief and I would have called

1 Mr. Doucet to get a hold of Mr. Schreiber immediately
2 to say hey, the Chinese would be interested or the
3 French or whomever.

4 39663 MR. WOLSON: Where were the vehicles
5 supposed to come from?

6 39664 THE RIGHT HON. BRIAN MULRONEY: Well,
7 they would come from Thyssen.

8 39665 MR. WOLSON: Where, in Germany?

9 39666 THE RIGHT HON. BRIAN MULRONEY: I
10 suppose so, but I didn't know, because I didn't
11 anticipate that.

12 39667 MR. WOLSON: Well, they couldn't come
13 from Thyssen in Canada because there was no plant.

14 39668 THE RIGHT HON. BRIAN MULRONEY: Of
15 course not.

16 39669 MR. WOLSON: So they had to come from
17 somewhere --

18 39670 THE RIGHT HON. BRIAN MULRONEY: I
19 would assume --

20 39671 MR. WOLSON: -- and that would have
21 been Germany I guess; right?

22 39672 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 39673 But I would have placed the call
24 immediately. I figured I have a watching brief from
25 Thyssen --

1 39674 MR. WOLSON: I see.

2 39675 THE RIGHT HON. BRIAN MULRONEY: --
3 which means that if I hear something or can do
4 something to advance their interests, I am going to do
5 it.

6 39676 So if the President of France says
7 that is a hell of a good idea but, you know, we have an
8 immediate need for 250 because we are going to deploy
9 them to Africa or to Yugoslavia, could you do something
10 about it? I would call him and say what can we do?

11 39677 MR. WOLSON: It's one thing from a
12 concept point of view for Canada to sell to the UN or
13 to countries -- you didn't have an issue with Germany
14 selling to -- you never thought of that, Germany
15 selling to France or to Russia or to China?

16 39678 Was that something that crossed your
17 mind?

18 39679 THE RIGHT HON. BRIAN MULRONEY:
19 Germany has its own rules and regulations and Canada
20 has its.

21 39680 MR. WOLSON: Right. Did you know
22 whether Germany could sell to these countries?

23 39681 THE RIGHT HON. BRIAN MULRONEY: I
24 knew that Germany could certainly provide these to the
25 original concept that I was working on of the United

1 Nations, that's for sure.

2 39682 But I did not know what interdictions
3 might be placed upon them in the event of a bilateral
4 trade with somebody else, and I wasn't interested in
5 that because it had not been really the object of the
6 exercise in me going around to see these leaders.

7 39683 MR. WOLSON: All right.

8 39684 THE RIGHT HON. BRIAN MULRONEY: I was
9 interested, as I said, sir -- I was interested in
10 trying to develop this concept that I discussed with
11 the Chairman and you with the P5 and ultimately the
12 United Nations.

13 39685 MR. WOLSON: All right. Now, New
14 York.

15 39686 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 39687 MR. WOLSON: The Pierre Hotel.

17 39688 THE RIGHT HON. BRIAN MULRONEY: M'hm.

18 39689 MR. WOLSON: You go down for the day;
19 right?

20 39690 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 39691 MR. WOLSON: You go in the morning,
22 come back at 5 o'clock or something like that.

23 39692 THE RIGHT HON. BRIAN MULRONEY: At
24 night, yes.

25 39693 MR. WOLSON: We have been told by

1 Mr. Schreiber and by Mr. Doucet that Schreiber had
2 asked Doucet whether he could ask you whether you would
3 be prepared to do a favour, and the favour would be to
4 surprise Elmer and his wife because Schreiber was
5 throwing a brunch for them.

6 39694 Is that how you heard it?

7 39695 THE RIGHT HON. BRIAN MULRONEY: That
8 is how it was put to me.

9 39696 MR. WOLSON: Yes. And Mr. Doucet had
10 said that it would be quite a plum for Schreiber if he
11 could make that happen.

12 39697 You understood that?

13 39698 THE RIGHT HON. BRIAN MULRONEY: I
14 didn't see anything particularly plummy in that
15 hypothesis, but --

16 39699 MR. WOLSON: Bringing a former Prime
17 Minister, a friend, to New York to surprise the
18 MacKays --

19 39700 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 39701 MR. WOLSON: -- at least Mr. Doucet
21 said that it would be quite a nice thing for Karlheinz
22 to be able to deliver.

23 39702 THE RIGHT HON. BRIAN MULRONEY: Well,
24 I'm sure that -- it certainly was pleasant for me to
25 see Elmer and Sharon again so soon after their

1 marriage. But sure, I guess that that would be --
2 would always be nice to get together, yes.

3 39703 And I thought it was a very courteous
4 and delicate gesture that Mr. Schreiber talked to Fred
5 about.

6 39704 MR. WOLSON: And you go down to New
7 York. You fly down on Delta, you and Mr. Doucet, and
8 you attend the hotel.

9 39705 What time, do you recall?

10 39706 THE RIGHT HON. BRIAN MULRONEY: I
11 think 11 o'clock.

12 39707 MR. WOLSON: All right. And you
13 proceed to at some point Mr. Schreiber's suite?

14 39708 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 39709 MR. WOLSON: And at the suite you
16 have a business session?

17 39710 THE RIGHT HON. BRIAN MULRONEY:
18 That's right.

19 39711 MR. WOLSON: For about an hour?

20 39712 THE RIGHT HON. BRIAN MULRONEY: About
21 an hour.

22 39713 MR. WOLSON: And at that business
23 session you tell him about your trips you had made
24 around the world?

25 39714 THE RIGHT HON. BRIAN MULRONEY: He

1 begins by telling us --

2 39715 MR. WOLSON: Yes...?

3 39716 THE RIGHT HON. BRIAN MULRONEY: --

4 about why he is there. And he was there for a
5 German-American friendship meeting that had taken
6 place, a major event in the life of that organization,
7 of which he was a member; that had taken place I
8 believe the night before at the Metropolitan Club.

9 39717 That's what his talk was about, and
10 how wonderful it was and the people who were there and
11 how good this was to see old friends.

12 39718 MR. WOLSON: Why not meet him in
13 Canada?

14 39719 THE RIGHT HON. BRIAN MULRONEY:

15 Pardon?

16 39720 MR. WOLSON: Why not meet

17 Mr. Schreiber in Canada instead of flying down to New
18 York?

19 39721 THE RIGHT HON. BRIAN MULRONEY: I

20 wasn't invited to meet him in Canada. I don't even
21 think he went to Canada on that trip. He happened to
22 be going to New York for this major event in which he
23 was involved and because he was there -- I can only
24 conclude that this was why he decided to have this
25 party for Elmer, who was in Nova Scotia, and he invited

1 him to New York.

2 39722 And he invited Fred and I to go down
3 and see him in New York. I suppose that was the
4 courtesy that he arranged.

5 39723 MR. WOLSON: Now, at the Queen
6 Elizabeth meeting -- at Mirabel he told you this is the
7 first payment of a retainer.

8 39724 THE RIGHT HON. BRIAN MULRONEY: That
9 is right.

10 39725 MR. WOLSON: At the Queen Elizabeth
11 how did he describe the payment of the monies to you
12 there?

13 39726 THE RIGHT HON. BRIAN MULRONEY: He
14 just said this is the payment for your advance
15 retainer.

16 39727 MR. WOLSON: How many payments were
17 there to be?

18 39728 THE RIGHT HON. BRIAN MULRONEY: He
19 didn't indicate, but I certainly concluded that this
20 was going to last quite a long period of time, given
21 the trips that I was going to take, because it had come
22 so soon after the first payment.

23 39729 MR. WOLSON: All right. So you
24 thought it was an open-ended, unlimited retainer and
25 you would be paid on an intermittent basis and it would

1 be a long-term relationship?

2 39730 THE RIGHT HON. BRIAN MULRONEY:

3 That's right. When he came to North America, it was
4 very clearly stated that he would like to get together
5 and talk about the progress, talk about opportunities
6 and that was it.

7 39731 MR. WOLSON: You must have
8 appreciated that you hadn't seen him for a whole year.
9 You must have appreciated that there would be another
10 retainer payment made or at least anticipated that now?

11 39732 THE RIGHT HON. BRIAN MULRONEY: No, I
12 did not.

13 39733 MR. WOLSON: You didn't?

14 39734 THE RIGHT HON. BRIAN MULRONEY: No.

15 39735 MR. WOLSON: So you had no suspicion
16 at all that you were going to meet Mr. Schreiber and he
17 was going to pay you another retainer fee?

18 39736 THE RIGHT HON. BRIAN MULRONEY: I had
19 no suspicion at all.

20 39737 MR. WOLSON: All right.

21 39738 Other than meeting Mr. and Mrs.
22 MacKay, what then was the purpose of going to New York?

23 39739 THE RIGHT HON. BRIAN MULRONEY: Well,
24 because we had been invited there to meet with him. A
25 number of days before, Mr. Doucet and Greg Alford had

1 sent me the new Canadian government's White Paper on
2 National Defence which had some relevant portions in
3 there, speaking of, as I remember, some new ideas for
4 defence procurement. And this was relevant of course
5 to what he was continuing to try and do with the new
6 government with Mr. Lalonde and with Andre Ouellet.

7 39740 So I went through that, brought it
8 down with me, including a copy of the White Paper. And
9 we got down and I think we began the conversation,
10 after he told us about his meetings the night before,
11 we began the conversation by talking about the White
12 Paper.

13 39741 I don't believe -- he was aware of
14 it, but I don't believe he had a copy and I believe
15 that I gave him the copy that we had with us. We
16 talked about that, after which I gave him a fairly
17 detailed report on what had taken place in China and by
18 that time, I had come back I believe from Russia.

19 39742 MR. WOLSON: Yes.

20 39743 THE RIGHT HON. BRIAN MULRONEY: So I
21 filled him in on that.

22 39744 We talked back and forth. I talked
23 about the plan to take it to the P5 as this thing
24 developed, if I could get it there through the
25 Secretary General, and he indicated, I think words to

1 the effect of, this is good work, good luck, and let
2 Fred know -- he will communicate with me -- how it is
3 going.

4 39745 MR. WOLSON: All right. Then he gave
5 you another package.

6 39746 THE RIGHT HON. BRIAN MULRONEY: Yes,
7 in front of Mr. Doucet.

8 39747 MR. WOLSON: Did he say anything
9 about what was in the package?

10 39748 THE RIGHT HON. BRIAN MULRONEY: No,
11 he did not. He simply said this is a payment on your
12 retainer and/or advance.

13 39749 MR. WOLSON: Did you know what was in
14 the package?

15 39750 THE RIGHT HON. BRIAN MULRONEY: No, I
16 did not, but I had a clue as to obviously, as he had
17 given me two prior thereto.

18 39751 MR. WOLSON: You weren't expecting a
19 cheque this time?

20 39752 THE RIGHT HON. BRIAN MULRONEY: I was
21 expecting nothing.

22 39753 MR. WOLSON: No, but when the
23 envelope appeared, you weren't expecting in it there
24 would be a cheque?

25 39754 THE RIGHT HON. BRIAN MULRONEY: I did

1 not.

2 39755 MR. WOLSON: You expected it to be
3 more \$1,000 bills?

4 39756 THE RIGHT HON. BRIAN MULRONEY: I
5 didn't know what was in there, but I suspected that it
6 was not a cheque.

7 39757 MR. WOLSON: Yes.

8 39758 Did you discuss that with Mr. Doucet?

9 39759 THE RIGHT HON. BRIAN MULRONEY: Well,
10 he was sitting there.

11 39760 MR. WOLSON: Well, did you discuss
12 with Mr. Doucet that, hey, Fred, he has just given me
13 another envelope and it's loaded with thousand dollar
14 bills?

15 39761 THE RIGHT HON. BRIAN MULRONEY: No, I
16 didn't know. I didn't open the envelope.

17 39762 MR. WOLSON: Did you discuss that it
18 was cash --

19 39763 THE RIGHT HON. BRIAN MULRONEY: No.

20 39764 MR. WOLSON: -- because you knew
21 that.

22 39765 THE RIGHT HON. BRIAN MULRONEY: No.
23 I was being compensated for my services.

24 39766 MR. WOLSON: Absolutely, you say
25 that.

- 1 39767 THE RIGHT HON. BRIAN MULRONEY: And
2 so I took the envelope, and on that trip I did have a
3 briefcase with me because I was travelling to New York
4 for the day and so I kept a shirt and other things,
5 apart from my papers, in the briefcase. And I secured
6 it in there and we went down to lunch with
7 Mr. Schreiber.
- 8 39768 MR. WOLSON: Yes. When you say Fred
9 was there, he was there, but he has told this inquiry
10 that he had no idea that there was cash in that
11 envelope.
- 12 39769 THE RIGHT HON. BRIAN MULRONEY: Nor
13 did I, but I suspected obviously, given my experience,
14 that it was.
- 15 39770 MR. WOLSON: All right.
- 16 39771 THE RIGHT HON. BRIAN MULRONEY: Fred
17 never asked me beyond that. He knew that of course I
18 would be compensated for my work.
- 19 39772 MR. WOLSON: Did you discuss with him
20 on the airplane ride home?
- 21 39773 THE RIGHT HON. BRIAN MULRONEY: No, I
22 did not.
- 23 39774 MR. WOLSON: What was it, about an
24 hour 20 or so?
- 25 39775 THE RIGHT HON. BRIAN MULRONEY: No.

1 It was a private matter. It was my private business.
2 He knew I had a relationship with him. He didn't ask
3 me anything about it and I didn't volunteer anything.

4 39776 MR. WOLSON: You didn't say to him on
5 the plane ride -- is it about an hour 20 from Montréal?

6 39777 THE RIGHT HON. BRIAN MULRONEY: About
7 an hour.

8 39778 MR. WOLSON: An hour. You didn't say
9 to him, Fred, you know, how did this man pay you?

10 39779 THE RIGHT HON. BRIAN MULRONEY: No, I
11 did not.

12 39780 MR. WOLSON: No.

13 39781 THE RIGHT HON. BRIAN MULRONEY: I
14 don't ask people about their private lives and they
15 don't ask me.

16 39782 MR. WOLSON: Now, this is now
17 starting on the 27th of August of '93 --

18 39783 THE RIGHT HON. BRIAN MULRONEY: M'hm.

19 39784 MR. WOLSON: -- going to December the
20 8th of '94, about a 15-month period approximately --
21 16-month period.

22 39785 THE RIGHT HON. BRIAN MULRONEY: I
23 guess so, yes.

24 39786 MR. WOLSON: At any time during that
25 16-month period did it resonate with you that you

1 should have put the money in a bank and created a paper
2 trail?

3 39787 THE RIGHT HON. BRIAN MULRONEY: It
4 didn't resonate to the point where I did it, obviously.
5 And as I have indicated to you, if I had to do it all
6 over again, I wouldn't hesitate.

7 39788 MR. WOLSON: Did you hesitate when he
8 gave you the last \$75,000?

9 39789 THE RIGHT HON. BRIAN MULRONEY: No, I
10 didn't.

11 39790 MR. WOLSON: Did you think, now
12 having been through this process three times --

13 39791 THE RIGHT HON. BRIAN MULRONEY: M'hm.

14 39792 MR. WOLSON: -- and you have
15 impeccable judgement. You can't be a Prime Minister of
16 a country of Canada without impeccable judgement.

17 39793 THE RIGHT HON. BRIAN MULRONEY: I
18 wouldn't put too much money on that.

19 39794 MR. WOLSON: You wouldn't?

20 --- Laughter / Rires

21 39795 MR. WOLSON: But you would put money
22 on your judgement?

23 39796 THE RIGHT HON. BRIAN MULRONEY: Uh --

24 39797 MR. WOLSON: That's another story.

25 You will have to --

1 39798 THE RIGHT HON. BRIAN MULRONEY:
2 Obviously with what I'm going through, I wouldn't say
3 that my judgement is flawless. Let me put it that way.
4 39799 MR. WOLSON: All right.
5 39800 THE RIGHT HON. BRIAN MULRONEY: Let
6 me put it favourably like that.
7 39801 MR. WOLSON: Okay.
8 39802 THE RIGHT HON. BRIAN MULRONEY: You
9 know the truth, sir, is that I am 70 years of age and I
10 have had an active and a full life. I have been up and
11 down. I have won, I have been defeated. And I have
12 known a lot of people.
13 39803 I don't know -- maybe other people
14 do. I don't know people, any in these circumstances by
15 and large, who are able to say at the end of their
16 lives --
17 39804 MR. WOLSON: But Mr. Mulroney, I
18 want --
19 39805 THE RIGHT HON. BRIAN MULRONEY: If I
20 just may conclude --
21 39806 MR. WOLSON: But I want --
22 39807 THE RIGHT HON. BRIAN MULRONEY: If I
23 just may conclude --
24 39808 MR. WOLSON: But I want you to --
25 39809 THE RIGHT HON. BRIAN MULRONEY: If I

1 could just conclude and I will be happy to respond to
2 anything.

3 39810 MR. WOLSON: I only want you to be
4 responsive to the questions, but go ahead.

5 39811 MR. YAROSKY: I'm sorry,
6 Mr. Commissioner, I think that the witness should be
7 allowed to complete his answer.

8 39812 COMMISSIONER OLIPHANT: Thank you,
9 Mr. Yarosky, and Mr. Wolson invited him to complete his
10 answer.

11 39813 THE RIGHT HON. BRIAN MULRONEY: Yes.
12 I won't be long.

13 39814 MR. WOLSON: Fire away.

14 39815 THE RIGHT HON. BRIAN MULRONEY: I
15 won't be long.

16 39816 Just to say that at the end of one's
17 life it would be a privileged person indeed, very
18 unique in my experience, to be able to say I am 70 or
19 80 and I have lived my life error free. I have never
20 made a mistake in judgement.

21 39817 That would be a rare person and I
22 would like to meet him.

23 39818 I am not excusing anything by saying
24 that. I am not that person. I have made this mistake
25 and I am sure I have made others.

1 39819 MR. WOLSON: All right.

2 39820 THE RIGHT HON. BRIAN MULRONEY: All I
3 am saying is it was a mistake. I can only tell you
4 that so often, sir.

5 39821 MR. WOLSON: And that is why I was
6 cutting you off, because I have heard it often.

7 39822 I only want you, if you will, to
8 focus on my questions and give me the best answers that
9 you can.

10 39823 THE RIGHT HON. BRIAN MULRONEY: Sure.

11 39824 COMMISSIONER OLIPHANT: Excuse me.

12 39825 Mr. Pratte...?

13 39826 MR. PRATTE: With the greatest of
14 respect to Mr. Wolson, his question was -- he is
15 suggesting to the witness that he has exceptional
16 judgement and when Mr. Mulroney was talking about other
17 people he put it to Mr. Mulroney, but you have
18 exceptional judgment. And I think the witness is
19 trying to indicate that he might even acknowledge that
20 he didn't have a life that, even with the judgement
21 required of a Prime Minister, enabled him to never make
22 any mistakes.

23 39827 So I'm a little disturbed by the
24 suggestion that he was not attempting to answer the
25 question.

1 39828 But that water is over the bridge.
2 39829 He was putting to the witness you
3 have exceptional judgement, insinuating that he
4 couldn't have made a mistake in judgement.
5 39830 COMMISSIONER OLIPHANT: Thank you.
6 39831 Mr. Wolson...?
7 39832 MR. WOLSON: Thank you, sir.
8 39833 I want to ask you, then, you left the
9 hotel --
10 39834 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 39835 MR. WOLSON: -- after you go down --
12 well, let's do it in proper sequence.
13 39836 You take the money, put it in your
14 bag.
15 39837 THE RIGHT HON. BRIAN MULRONEY: M'hm.
16 39838 MR. WOLSON: Your answer is yes?
17 39839 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 sir.
19 39840 MR. WOLSON: You go downstairs and
20 you spend a little time with Elmer and his wife.
21 39841 THE RIGHT HON. BRIAN MULRONEY: I
22 suppose an hour or an hour and a half, whatever.
23 39842 MR. WOLSON: All right. You tell
24 Mr. Doucet that you are going to meet him at the
25 airport. Is that so?

1 39843 THE RIGHT HON. BRIAN MULRONEY: Well,
2 we certainly leave together and I think we agreed to
3 meet at the airport, yes.

4 39844 MR. WOLSON: And you go to a bank --

5 39845 THE RIGHT HON. BRIAN MULRONEY: M'hm.

6 39846 MR. WOLSON: Your answer is yes?

7 39847 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 sir.

9 39848 MR. WOLSON: You go to the bank that
10 you had had some involvement with in the sense that you
11 sat on the board of this bank?

12 39849 THE RIGHT HON. BRIAN MULRONEY:
13 That's right.

14 39850 MR. WOLSON: You don't have an
15 account there?

16 39851 THE RIGHT HON. BRIAN MULRONEY: No.

17 39852 MR. WOLSON: But you had a safety
18 deposit box --

19 39853 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 39854 MR. WOLSON: -- waiting for you to be
21 opened?

22 39855 THE RIGHT HON. BRIAN MULRONEY: A
23 safety deposit box. I had made arrangements -- as a
24 member of the board, I had made arrangements for it in
25 an earlier visit because of what I require it --

1 39856 MR. WOLSON: Sure.

2 39857 THE RIGHT HON. BRIAN MULRONEY: --
3 for some transactions I was doing in New York. And it
4 was a convenient time to go by and -- I had no
5 intention of taking this money back to Canada --

6 39858 MR. WOLSON: Yes.

7 39859 THE RIGHT HON. BRIAN MULRONEY: --
8 and so I deposited it there.

9 39860 MR. WOLSON: Why not open a bank
10 account there?

11 39861 THE RIGHT HON. BRIAN MULRONEY: Well,
12 because I had already asked for a safety deposit box,
13 because what I needed in New York, because of the
14 business that I was conducting there, some very
15 sensitive documents as well, that I was -- I needed a
16 place to secure documents.

17 39862 That was the reason I had asked the
18 bank to open this for me, to make the arrangements to
19 open it.

20 39863 It had not been used and when this
21 happened to me, I thought this was a good occasion to
22 deposit this in the safety deposit box which I --

23 39864 MR. WOLSON: But why not --

24 39865 THE RIGHT HON. BRIAN MULRONEY: --
25 which I -- if I may.

1 39866 MR. WOLSON: Yes.

2 39867 THE RIGHT HON. BRIAN MULRONEY: --

3 which I subsequently and almost immediately thereafter

4 used for securing sensitive documents that I had used

5 in a major transaction involving clients in New York

6 and Latin America.

7 39868 MR. WOLSON: I understand all of

8 that, but I'm assuming it would have been quite easy

9 for you to open a bank account, having been a board

10 member of that bank.

11 39869 THE RIGHT HON. BRIAN MULRONEY: Sure.

12 39870 MR. WOLSON: You are in the bank, you

13 have the money. I suppose one choice would be to open

14 an account and another choice would be to put it in a

15 box.

16 39871 THE RIGHT HON. BRIAN MULRONEY: But

17 that had already been arranged. I had already asked

18 them to arrange a safety deposit box for me, probably

19 months earlier when I had been there for the directors

20 meeting, so that I could use it to secure these

21 documents I have told you about.

22 39872 MR. WOLSON: Yes.

23 39873 THE RIGHT HON. BRIAN MULRONEY: It

24 happened --

25 39874 MR. WOLSON: Yes.

1 39875 THE RIGHT HON. BRIAN MULRONEY: --
2 that I had never had occasion to go down there until
3 the next meeting, and here we were -- and I hadn't
4 asked them to open an account for me.

5 39876 MR. WOLSON: Yes...?

6 39877 THE RIGHT HON. BRIAN MULRONEY: -- I
7 had asked them to open a safety deposit box for me for
8 those documents.

9 39878 It also happened that this was
10 convenient, very convenient, for anything else to
11 deposit.

12 39879 MR. WOLSON: But you didn't open that
13 box to deposit cash in that box. That's clear you
14 didn't do that.

15 39880 THE RIGHT HON. BRIAN MULRONEY: I did
16 not.

17 39881 MR. WOLSON: No. You did it because
18 you were going to have sensitive papers while you were
19 working there in New York and you wanted a place to
20 deposit them for security purposes, as you told us the
21 other day.

22 39882 THE RIGHT HON. BRIAN MULRONEY: That
23 is right. I would frequently go to New York --

24 39883 MR. WOLSON: Yes.

25 39884 THE RIGHT HON. BRIAN MULRONEY: --

1 for this particular client and related thereto and
2 spend fairly lengthy periods of time there, and I had
3 in my possession very sensitive documents for that
4 client. And as I had to frequently fly up and fly
5 back, I didn't want to carry this around.

6 39885 MR. WOLSON: Sure.

7 39886 THE RIGHT HON. BRIAN MULRONEY: And
8 the client, with the client's -- on his
9 recommendation -- he was on the same board as me, by
10 the way, in the same bank. He said why don't you take
11 a safety deposit box at the bank and secure your
12 documents there.

13 39887 MR. WOLSON: So the only things you
14 could have done with the money you got in the States,
15 you could have brought it back to Canada. That wasn't
16 an option. You weren't going to do that.

17 39888 THE RIGHT HON. BRIAN MULRONEY: Well,
18 I wasn't going to do it anyway.

19 39889 MR. WOLSON: No. Well, you didn't
20 know you were going to get money.

21 39890 THE RIGHT HON. BRIAN MULRONEY:
22 That's right. That's what I meant.

23 39891 MR. WOLSON: But having gotten the
24 money -- yes.

25 39892 But having gotten the money, you

1 certainly had the -- you certainly weren't going to
2 bring it back to Canada, that's for sure.

3 39893 THE RIGHT HON. BRIAN MULRONEY: No.
4 That's right.

5 39894 MR. WOLSON: All right. So then --

6 39895 THE RIGHT HON. BRIAN MULRONEY: I
7 didn't know it was there, it was going to happen.

8 39896 MR. WOLSON: Yes...?

9 39897 THE RIGHT HON. BRIAN MULRONEY: And I
10 had no intention in any case, had it happened, to do
11 that.

12 39898 MR. WOLSON: Yes. So what you could
13 have done is you could have either left it there. If
14 you have family there, you could have done that.
15 That's one option; true?

16 39899 Did you have any family members in
17 New York?

18 39900 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 my children were there. One or two of the kids were
20 there at the time.

21 39901 MR. WOLSON: So you could have left
22 it with them. That's one option.

23 39902 THE RIGHT HON. BRIAN MULRONEY: No.

24 39903 MR. WOLSON: Perhaps not an option
25 that you had wanted to do.

1 39904 THE RIGHT HON. BRIAN MULRONEY: No.

2 39905 MR. WOLSON: You could have left it
3 in the safety deposit box. Or at the very bank you
4 were in, you could have attempted to open an account.

5 39906 THE RIGHT HON. BRIAN MULRONEY: Why
6 would I do that? I had already, three months or two
7 months earlier, opened a safety deposit box for the
8 reasons I mentioned to you.

9 39907 I was able to come down and use that.
10 I can't remember the dates or the details of all of
11 this. It was some time ago obviously. That was my
12 objective.

13 39908 MR. WOLSON: I suppose why you do
14 this --

15 39909 THE RIGHT HON. BRIAN MULRONEY: There
16 would be nothing wrong --

17 39910 MR. WOLSON: Yes...?

18 39911 THE RIGHT HON. BRIAN MULRONEY: There
19 would be nothing wrong, although I probably could not
20 have done it that day -- was this a Friday, sir?

21 39912 MR. WOLSON: I can find that out. I
22 don't know.

23 39913 THE RIGHT HON. BRIAN MULRONEY: Yes.
24 I know it was the end of the week, whenever it was. To
25 go and open an account when I had the possibility of

1 using a safety deposit box.

2 39914 MR. WOLSON: I suppose the question
3 you asked is why would you do that, and my response
4 might be for transparency purposes. But that you
5 didn't do.

6 39915 THE RIGHT HON. BRIAN MULRONEY: I
7 didn't do.

8 39916 MR. WOLSON: All right.

9 39917 THE RIGHT HON. BRIAN MULRONEY: I put
10 it in my safety deposit box.

11 39918 MR. WOLSON: Mr. Roitenberg tells me
12 that was a Thursday.

13 39919 THE RIGHT HON. BRIAN MULRONEY: There
14 you go. I knew it was towards the end of the week.

15 39920 MR. WOLSON: Now, did you see
16 Mr. Schreiber after that until you saw him at the Savoy
17 in 1998?

18 39921 THE RIGHT HON. BRIAN MULRONEY: Well,
19 1990 -- you have just discussed December 1994, I
20 believe.

21 39922 MR. WOLSON: Yes.

22 39923 THE RIGHT HON. BRIAN MULRONEY: What
23 had taken place in those intervening months was a visit
24 to Russia at the invitation of President Yeltsin --

25 39924 MR. WOLSON: Yes...?

1 39925 THE RIGHT HON. BRIAN MULRONEY: --
2 where I did similar work in July/August 1994; then to
3 France with President Mitterrand in October of 1994, I
4 believe.

5 39926 MR. WOLSON: Maybe, I'm sorry --

6 39927 THE RIGHT HON. BRIAN MULRONEY: Am I
7 wrong on that?

8 39928 MR. WOLSON: I may have misspoken.
9 39929 I was asking you -- and maybe we are
10 not on the same wavelength.

11 39930 After you saw Mr. Schreiber on
12 December 8, 1994 at the Pierre Hotel --

13 39931 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 39932 MR. WOLSON: -- had you seen him
15 again after that?

16 39933 THE RIGHT HON. BRIAN MULRONEY: Oh, I
17 see.

18 39934 MR. WOLSON: Prior to the meeting at
19 the Savoy Hotel?

20 39935 THE RIGHT HON. BRIAN MULRONEY: No, I
21 didn't.

22 39936 MR. WOLSON: I know things happened.

23 39937 THE RIGHT HON. BRIAN MULRONEY: But I
24 spoke to him a lot, beginning in November of that
25 following year.

1 39938 MR. WOLSON: And those conversations
2 were related I'm sure to the Letter of Request.

3 39939 THE RIGHT HON. BRIAN MULRONEY:
4 Absolutely.

5 39940 MR. WOLSON: Did you discuss with him
6 at all during those conversations your business
7 relationship with him?

8 39941 THE RIGHT HON. BRIAN MULRONEY: No.
9 We were focused exclusively on the Airbus matter and
10 the Letter of Request.

11 39942 MR. WOLSON: All right. And those
12 calls would have been 1995, 6, 7?

13 39943 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 39944 MR. WOLSON: Okay. When you were at
15 the hotel, the Pierre Hotel in New York, was there a
16 discussion then about pasta, or was that later?

17 39945 THE RIGHT HON. BRIAN MULRONEY: No.
18 The pasta came up at the Savoy Hotel -- with me for the
19 first time.

20 39946 MR. WOLSON: Yes.

21 39947 THE RIGHT HON. BRIAN MULRONEY: Mr.
22 Schreiber has testified under oath in the Eurocopter
23 case that he raised it with me much earlier on.

24 39948 I think he simply made a mistake in
25 remembering, because it was not raised earlier on. It

1 was raised in 1998.

2 39949 MR. WOLSON: Okay. I'm going to
3 go --

4 39950 THE RIGHT HON. BRIAN MULRONEY: And,
5 by the way, I think he has confirmed that he was in
6 error there, in that earlier testimony.

7 39951 MR. WOLSON: Well, he and I had quite
8 a set-to about the Eurocopter transcript.

9 39952 THE RIGHT HON. BRIAN MULRONEY:
10 That's right, yes.

11 39953 MR. WOLSON: So you might have seen
12 that.

13 39954 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 39955 MR. WOLSON: I'm going to move into
15 another area. It is five to 3:00.

16 39956 I'm sorry, Mr. Mulroney, to have you
17 come back on Monday to see me again -- Tuesday, I
18 should say.

19 39957 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 39958 MR. WOLSON: But I'm sorry that we
21 have to do that.

22 39959 THE RIGHT HON. BRIAN MULRONEY:
23 That's fine.

24 39960 MR. WOLSON: Thank you, sir.

25 39961 THE RIGHT HON. BRIAN MULRONEY: Thank

1 you.

2 39962 COMMISSIONER OLIPHANT: All right.

3 39963 Mr. Wolson indicated and I indicated
4 that we would stop at 3 o'clock this afternoon. It is
5 five to 3:00.

6 39964 We will adjourn now until Tuesday
7 morning at 9:30.

8 39965 I hope everyone has a nice long
9 weekend. Good afternoon.

10 39966 MR. YAROSKY: Mr. Commissioner, we
11 all wish you luck with your appointment tomorrow.

12 39967 COMMISSIONER OLIPHANT: Thank you.

13 39968 I would have done it here in Ottawa,
14 but I tried three clinics last night and couldn't get
15 an appointment.

16 --- Whereupon the hearing adjourned at 2:56 p.m.,
17 to resume on Tuesday, May 19, 2009 at 9:30 a.m. /
18 L'audience est ajournée à 14 h 56, pour reprendre
19 le mardi 19 mai 2009 à 09 h 30

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We hereby certify that we have accurately
transcribed the foregoing to the best of
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Monique Mahoney