

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

**Commissioner**

L'Honorable juge /  
The Honourable Justice  
Jeffrey James Oliphant

**Commissaire**

**Held at:**

Bytown Pavillion  
Victoria Hall  
111 Sussex Drive  
Ottawa, Ontario

Wednesday, January 21, 2009

**Tenue à :**

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

le mercredi 21 janvier 2009

**Appearances/Comparutions**

Mr. Richard Wolson	Lead Commission Counsel
Ms. Nancy Brooks	Counsel
Mr. Evan Roitenberg	
Mr. Giuseppe Battista	
Mr. Gilles Brisson	Registrar
Mr. Guy J. Pratte	The Right Honourable Brian
Mr. Jack Hughes	Mulroney
Mr. Richard Auger	Mr. Karlheinz Schreiber
Mr. Paul B. Vickery	Attorney General of Canada
Mr. Yannick Landry	
Mr. Arthur Jefford	Jefford Industries Limited and Mr. Arthur Jefford

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1 Ottawa, Ontario / Ottawa (Ontario)

2 --- Upon commencing on Wednesday, January 21, 2009

3 at 9:30 a.m. / L'audience débute

4 mercredi le 21 janvier 2009 à 9h30

5 THE REGISTRAR: All rise.

6 Veuillez vous lever.

7 COMMISSIONER OLIPHANT: Good

8 morning, counsel. Mr. Wolson.

9 MR. WOLSON: Good morning,

10 Mr. Commissioner. This morning, we are here to

11 deal with the issue of standing on Part 2 of this

12 Commission of Inquiry, the Policy aspect of the

13 Commission's work.

14 There are four parties, sir, that

15 have applied for standing. They are the Attorney

16 General for Canada, represented this morning by

17 Mr. Paul Vickery, Yannick Landry and Philippe

18 Lacasse, all of whom you have met before.

19 COMMISSIONER OLIPHANT: Yes.

20 MR. WOLSON: Mr. Karlheinz

21 Schreiber, who is represented by Edward Greenspan,

22 Vanessa Christie and Richard Auger; Jefford

23 Industries Limited and Mr. Arthur Jefford, who is

24 seated -- he's indicating to you his identity.

25 COMMISSIONER OLIPHANT: Good

1 morning.

2 MR. WOLSON: And Democracy Watch,  
3 who is going to be represented by Mr. Duff  
4 Conacher. Unfortunately, Mr. Conacher is not  
5 available this morning and arrangements have been  
6 made, with your concurrence, that he make his  
7 application on behalf of Democracy Watch tomorrow  
8 morning at 9:30.

9 I can tell you as well that Mr.  
10 Auger, who was otherwise going to make submissions  
11 on behalf of Mr. Schreiber, he too may be  
12 unavailable this morning. We'll know by the time  
13 that we break this morning -- after hearing from  
14 two parties this morning -- we'll know whether or  
15 not Mr. Auger can be here this morning. And if he  
16 can, I would expect him to be here sometime prior  
17 to 11 o'clock this morning.

18 That said then, sir, there are two  
19 parties this morning who will be asking for  
20 standing. I can advise the parties that you, sir,  
21 have read the materials and are familiar with  
22 them. While we've asked the parties to make their  
23 submission within a certain time period, that of  
24 15 minutes, that doesn't mean that they need to  
25 take that time and that doesn't mean either, if

1 they needed an extra minute or two, that you may  
2 not give them that time.

3 That said, then perhaps we can  
4 start with Mr. Vickery. I'm not sure whether or  
5 not he wishes to make a submission or rely on the  
6 materials that are before you. I'll call then on  
7 Mr. Vickery, sir.

8 COMMISSIONER OLIPHANT: Just  
9 before you proceed, Mr. Vickery.

10 Je souhaite dire un mot de  
11 bienvenue aux étudiants et étudiantes de  
12 l'Université d'Ottawa qui sont ici ce matin avec  
13 leur professeur, Monsieur Drapeau. J'espère que  
14 vous trouverez l'ambiance ce matin intéressante.  
15 Bienvenue.

16 Mr. Vickery?

17 MR. VICKERY: Good morning,  
18 Mr. Commissioner. The Attorney General is content  
19 to stand on its written submissions, and I would  
20 not intend, subject to any questions you might  
21 have, to make any oral submissions on the point  
22 this morning.

23 COMMISSIONER OLIPHANT: I have no  
24 questions. Thank you, Mr. Vickery.

25 MR. VICKERY: Thank you.

1 MR. WOLSON: Mr. Commissioner, I  
2 know that you were going to make some opening  
3 remarks, and I'm not sure whether you wish to make  
4 them before you hear from Mr. Jefford, who is here  
5 this morning and ready to go, and I just make that  
6 observation, sir.

7 --- OPENING REMARKS BY/DÉCLARATION D'OUVERTURE PAR  
8 COMMISSIONER OLIPHANT:

9 COMMISSIONER OLIPHANT: Thank you,  
10 Mr. Wolson. I do wish to make some opening  
11 remarks at this session of the Inquiry.

12 I begin by welcoming everybody  
13 else who is here, in addition to the students and  
14 Professor Drapeau. I am glad to see that you are  
15 interested enough to come out to observe the  
16 proceedings.

17 The purpose of the hearing this  
18 morning is to hear applications for standing and  
19 funding for the policy review portion of this  
20 Inquiry. The mandate of this Inquiry in terms of  
21 policy review is to report upon and make  
22 recommendations regarding specific areas of  
23 policy. There are two.

24 The first area deals with the  
25 ethics rules governing the holders of public

1 office in Canada, and the second area concerns  
2 policies and practices of the Privy Council Office  
3 governing how the Prime Minister's correspondence  
4 is handled.

5 As Mr. Wolson has already  
6 indicated, there are four applicants who seek  
7 standing at this portion of the Inquiry, and in  
8 respect of one of the applicants, Mr. Jefford, he  
9 seeks as well funding if standing is granted.

10 Now, the Commission operates  
11 pursuant to certain rules that have been published  
12 on the website of the Commission. To obtain full  
13 or partial standing as a party, an applicant must  
14 demonstrate that the applicant is directly and  
15 substantially affected by the policy review.

16 I may grant standing as an  
17 intervenor to an applicant who satisfies me that  
18 he, she or it, as the case may be, has a genuine  
19 concern about issues raised by the policy review  
20 and -- and that's important -- and that the  
21 applicant has a particular perspective or  
22 expertise that may assist me.

23 I may recommend funding for a  
24 party or an intervenor who would not otherwise be  
25 able to participate in the policy review if that

1 party or intervenor demonstrates to my  
2 satisfaction that he, she or it does not have  
3 sufficient financial resources.

4 Turning now for a moment to the  
5 process itself. For the purposes of the policy  
6 review I have a Director of Research, Professor  
7 Craig Forcese, who is here with us this morning.

8 In addition, I have retained the  
9 services of three experts, all of whom are  
10 academic scholars, to assist me in resolving the  
11 policy issues with which I must deal. Those  
12 experts will each be providing the Commission with  
13 research papers. Two of those papers will deal  
14 with the ethics question, and the third will be  
15 related to the Prime Minister's correspondence.

16 Persons or organizations granted  
17 standing as parties or intervenors for the policy  
18 review part of the Inquiry may make written  
19 submissions on any one or more of the research  
20 papers. Those written submissions must be filed  
21 with the Commission by May 19<sup>th</sup> of this year.

22 Persons or organizations granted  
23 standing as either parties or intervenors will be  
24 entitled to participate in an experts forum to be  
25 held June 1<sup>st</sup> to 4<sup>th</sup> here in Ottawa. Persons that

1           have standing or organizations that have standing  
2           and are at the forum will be entitled to question  
3           the experts on their findings as set forth in the  
4           research papers they are writing. The three  
5           papers will be posted on the Commission's website  
6           by April the 6<sup>th</sup> of this year.

7                               Before concluding these opening  
8           remarks, I wish to add that the Commission has  
9           published a consultation paper that can be found  
10          on the Commission's website. Any interested  
11          member of the public, whether granted standing or  
12          not, is invited to make a written submission to  
13          the Commission on policy questions.

14                              Any member of the public wishing  
15          to make a written submission on the policy issues  
16          must file that submission with the Commission no  
17          later than March 31<sup>st</sup> of this year. The Commission  
18          will offer some members of the public who have  
19          made written submissions to present their views at  
20          public hearings that will be held, again here in  
21          Ottawa, from June 8<sup>th</sup> to 10<sup>th</sup> of this year. I turn  
22          now to the Order of Appearance. We've heard very  
23          briefly from Mr. Vickery on behalf of the Attorney  
24          General of Canada.

25                              Next, I will hear from Mr.

**INTERNATIONAL REPORTING INC.**

1 Jefford, who is here on his own behalf and on  
2 behalf of Jefford Industries Limited, and then as  
3 the morning progresses we'll see whether Mr. Auger  
4 is able to make it and if he is we'll hear from  
5 him later this morning. If he's not able to make  
6 it this morning we'll be reconvening tomorrow  
7 morning at 9:30 here to hear from Mr. Auger on  
8 behalf of Mr. Schreiber and to hear as well from  
9 Mr. Conacher on behalf of Democracy Watch.

10 So Mr. Jefford, I now call upon  
11 you, sir, to come forward to make whatever  
12 submission you wish to make in support of your  
13 application for standing and funding.

14 Good morning, Mr. Jefford.

15 MR. JEFFORD: Good morning, Mr.  
16 Commissioner.

17 --- SUBMISSIONS BY/REPRÉSENTATIONS PAR MR. JEFFORD:

18 MR. JEFFORD: Oftentimes in my  
19 business experience I found that ethics were the very  
20 essence of how we conduct business internationally.  
21 Ethics is the very essence of how a country presents  
22 its perspective of what in fact it is to be Canada and  
23 to be Canadian.

24 I find that, for instance, when  
25 you carry on and conduct a business arrangement,

1           whether it be Joe Canadian on the kitchen table or  
2           Joe Canadian big executive or fat cat of the upper  
3           echelon, it depends on whether you actually have a  
4           sense of how you want to conduct business and  
5           whether you want to simply work on a greed  
6           principle or you want to work on a principle where  
7           ethics are the prime function in how you do  
8           business and you want to be straight up,  
9           straightforward and execute a good transaction.

10                           As Joe Canadian I aspire to be Joe  
11           Six Pack, with being able to go to the bar and  
12           have some money, but I don't have those financial  
13           resources. Once you get to be Joe Six Pack when  
14           you're just Joe Canadian it'd be nice if you could  
15           be Joe the Plumber because in today's economy,  
16           having a job, that's just something to dream for.

17                           COMMISSIONER OLIPHANT: When  
18           you're talking about six-pack you're not talking  
19           about stomach muscles, I take it.

20                           MR. JEFFORD: No, we're not.

21                           COMMISSIONER OLIPHANT: Okay.

22                           MR. JEFFORD: And so ethics are  
23           prime in anything we do, whether it be just the  
24           little Canadian or the President or the King or  
25           the Prime Minister.

1                   Yesterday was deemed to be the  
2                   inauguration of hope and today is my first day of  
3                   hope because on December the 17<sup>th</sup>, 1980 I started  
4                   to have hope that we would have ethics in Canada.  
5                   In 1981 and '82 I'm sure the Parliament Building's  
6                   little telephone booth where you call your MP out  
7                   still rattles with my concern and voicing about  
8                   how what happened to me should never happen again.

9                   And perhaps you're going to hear  
10                  from many experts that have high qualifications.  
11                  I'm just the little guy that can give you a  
12                  viewpoint from a completely different perspective.  
13                  And I feel to fail to look at that perspective  
14                  jeopardizes the very foundations of any Commission  
15                  report you would put together.

16                  COMMISSIONER OLIPHANT: What is  
17                  the different perspective from which you would  
18                  approach the issues, Mr. Jefford?

19                  MR. JEFFORD: Well, being a  
20                  Canadian, I was concerned that perhaps the  
21                  information you were going to get on what the  
22                  ethics should develop for Canada were going to  
23                  come from Mr. Mulroney and his lawyer, Mr.  
24                  Schreiber and his lawyer, and Mr. Doucet and his  
25                  lawyer, and my viewpoints of ethics from that and

1 the basis of this Commission are completely  
2 different.

3 COMMISSIONER OLIPHANT: Well,  
4 you'll notice that Mr. Mulroney has not applied  
5 for standing, nor has Mr. Doucet. Whether or not  
6 Mr. Schreiber gets standing remains to be seen.

7 I might just add that we have had  
8 no applications thus far from any politician or  
9 political party.

10 MR. JEFFORD: And that, in  
11 essence, is one of the concerns I do have because  
12 the matter we're dealing with here is our  
13 politicians, my MPs, regardless of what position  
14 within my government they have. And the issue  
15 before this Commission is really how an MP should  
16 operate and how those supporting that MP should  
17 operate also.

18 COMMISSIONER OLIPHANT: And  
19 believe me, the people that I have retained are  
20 experts in that field.

21 MR. JEFFORD: And I guess my  
22 submission is, why I'm asking for a position, is  
23 the fact that I've written to the Prime Minister  
24 and I haven't got a response; right back to  
25 Trudeau and on forward.

1                   COMMISSIONER OLIPHANT: Do you  
2 intend, if granted standing, Mr. Jefford, to  
3 address the issue of ethics, how the Prime  
4 Minister's mail is handled, or both?

5                   MR. JEFFORD: That would be -- the  
6 issue on how the mail is handled is, yes, one  
7 issue because I've tried to reach and get a  
8 hearing on those issues. But the main issue I'm  
9 here for is the ethics and how we as a country do  
10 business and how we as the officials within our  
11 country also do business. And I believe that  
12 ethics is of prime importance to it.

13                   And I, when I got involved in this  
14 because of the regulations that were applied and  
15 devastated my business ---

16                   COMMISSIONER OLIPHANT: You're  
17 talking about UFFI here?

18                   MR. JEFFORD: Well, I ran a urea-  
19 formaldehyde foam business and late in the years I  
20 drove a Mercedes Roadster, much like Mr. Trudeau  
21 did, and here's my Mercedes Roadster now. You can  
22 see it's covered in dust and it's not worth much.  
23 When he was able we'd toot around a couple of  
24 times. The next time I brought out my Jaguar XKE  
25 and, as Julia Roberts said, when his Mercedes

1 Roadster drifted off in the corners, mine cornered  
2 like it was on rails and could power out ahead.

3 I guess you don't want to rattle  
4 the Prime Minister too much but at that point in  
5 time they thought I could pay and I found that I  
6 didn't want to pay to do business in Canada.

7 And when my children were faced --  
8 one of my girls spent three years in grade 2  
9 because she was so traumatized by what happened  
10 when we were regulated. She had to be moved to a  
11 different school before she was able to recover  
12 and it was from a lot of stress.

13 We went to track and field and my  
14 business was in Leader of the Opposition's riding  
15 at 75 Horner Avenue in Etobicoke. And we went and  
16 we were going to run the track at Etobicoke track  
17 and field. The problem was that JVS fan, Charlie  
18 Francis, and the boys -- you have to take the  
19 milkshakes. I decided that wasn't what I wanted  
20 to do for my children.

21 My eldest got the bronze medal all  
22 the time and between the two Angelos I got the  
23 gold medal. But with the pressure we decided, no,  
24 we'd run for the Oakville track and field club and  
25 of course we enjoyed our activities on an equal

1 playing field and we didn't become the big-band  
2 cheer.

3 So in essence what I'm saying is  
4 that I think I can offer you, Mr. Commissioner, a  
5 completely different viewpoint, a completely -- a  
6 view of what happens if we do not have good  
7 ethics, rules and regulations; what happens to  
8 someone in the fallout in Canadian's lives and how  
9 it can devastate someone's life.

10 COMMISSIONER OLIPHANT: The issue  
11 that affected you, I take it, was the banning of  
12 urea-formaldehyde foam insulation.

13 MR. JEFFORD: That is correct.

14 COMMISSIONER OLIPHANT: And that  
15 happened in the late seventies or early eighties.  
16 Correct?

17 MR. JEFFORD: It happened December  
18 the 17<sup>th</sup>, 1980.

19 COMMISSIONER OLIPHANT: Yeah. I  
20 should tell you that to prepare I looked at  
21 portions of the book called "UFFI on Trial" where  
22 you're referred to.

23 MR. JEFFORD: Yes.

24 COMMISSIONER OLIPHANT: You  
25 convinced the government at one point that the

1 product wasn't dangerous but that the danger lay  
2 in careless application, or application of UFFI by  
3 people who didn't know what they were doing. Is  
4 that correct?

5 MR. JEFFORD: No, that is not  
6 correct.

7 COMMISSIONER OLIPHANT: So the  
8 author is wrong when he made that statement?

9 MR. JEFFORD: He made the  
10 statement based on a lot of press and media hype,  
11 and my position is that in our business we could  
12 take the heat loss of a home -- and I sat with  
13 Gideon Varty (phonetic) of Energy, Mines and  
14 Resources and developed the energy audit. And  
15 what urea-formaldehyde foam did is it sealed up  
16 the cracks and crevices in the building envelope  
17 and that saved 46 percent of the heat loss in the  
18 building. Then it also provided insulation.

19 COMMISSIONER OLIPHANT: Yeah.

20 MR. JEFFORD: When it provided  
21 insulation it sealed the air change in a house and  
22 it built up the toxins -- all the toxins, not just  
23 formaldehyde but everything. And of course, when  
24 you tested for a level below the ambient level in  
25 an area where the UFFI wasn't, and said this

1 proves how bad UFFI was and UFFI is in a  
2 completely different environment from where you're  
3 testing, outside of a national mandatory vapour  
4 barrier, how then can you have an inquiry and a  
5 hundred million dollar taxpayer expenses and not  
6 address that issue?

7 COMMISSIONER OLIPHANT: Okay, what  
8 I wanted to get at was this. When that occurred,  
9 the code of ethics, if you will, and conflict of  
10 interest rules that were in force when the  
11 business dealings with which this Commission is  
12 concerned, did not exist because that came in in  
13 1985; that code.

14 MR. JEFFORD: In actual fact, I  
15 think you'll find there was a sharp review that --  
16 under pressure that happened in 1983, which took  
17 about two years for pressure with the Privy  
18 Council and with the Members of Parliament and  
19 with the Prime Minister's Office for it to happen,  
20 and there was quite a bit of change within the  
21 government and the parties in power at that time,  
22 which also made it ---

23 COMMISSIONER OLIPHANT: No, but my  
24 point is, Mr. Jefford, that the code of conduct  
25 that this Commission will have to look at to see

1           whether it's deficient or otherwise was not in  
2           force when you were affected personally by a  
3           decision of government.

4                       MR. JEFFORD:   Yes, that is  
5           correct, and I believe the reason that it did come  
6           into force was because of my upset with how  
7           everything was done and that we needed ethics  
8           within our Canadian economy and our Canadian  
9           government.

10                      COMMISSIONER OLIPHANT:   Are you  
11           saying to me, sir, that it was through your  
12           efforts that the code of conduct that came in in  
13           1985 was enacted?

14                      MR. JEFFORD:   Well, in 1984 there  
15           was an election campaign.

16                      COMMISSIONER OLIPHANT:   Yes.

17                      MR. JEFFORD:   And Mila Mulroney  
18           sat down with my mother and talked at a Dawn  
19           Glencairn (phonetic) dinner fundraiser for at  
20           least an hour and a half while she proceeded to  
21           explain what happened to our family, and we  
22           applied pressure to have the '85 action -- let  
23           alone the '83 activities -- to develop ethics.  
24           And I believe that for 28 years, I've strived to  
25           put ethics in Canada and feel that entitles me to

1 be a very part of this Commission, even if it's a  
2 quarter century later.

3 COMMISSIONER OLIPHANT: All right.

4 MR. JEFFORD: Now, I've provided  
5 written material to you. Is there anything that's  
6 of -- you feel lacking in the material that you'd  
7 like to ask me any questions on?

8 COMMISSIONER OLIPHANT: I'll  
9 accept the material that has been filed. I've  
10 read it and looked at it. It's your opportunity  
11 now to add to or to explain things that are in the  
12 material. I have some questions that I want to  
13 ask you when you're finished your oral submission,  
14 but I don't mean to cut you off at all.

15 MR. JEFFORD: Well, I think  
16 everything I've said has pretty much explained my  
17 position and how I would request that I be  
18 permitted standing, and I would request that I  
19 receive funding, and I'm prepared to answer any  
20 questions.

21 COMMISSIONER OLIPHANT: On that  
22 issue of funding, and I hate to do this to you but  
23 you haven't really provided me with much help in  
24 terms of your inability to participate  
25 financially.

1                   MR. JEFFORD: I do have a zero net  
2                   worth. I survive on two pensions of \$500 and  
3                   \$800, or \$300, to give me a total of \$800, and my  
4                   wife works part-time. And we operate and have  
5                   operated probably for the last 28 years on a  
6                   negative cash flow monthly, and the only reason we  
7                   have been able to survive by not going to welfare  
8                   or social services or unemployment or the other  
9                   things that we fall through the cracks on is that  
10                  we have been able to acquire property, and we have  
11                  been able to acquire property that had a good  
12                  economic potential of gain; and in doing so, we  
13                  have been able to re-mortgage the properties and  
14                  we survived on mortgaged amount of funds we have  
15                  been able to use out of our properties.

16                  COMMISSIONER OLIPHANT: Sorry, are  
17                  you telling me, sir, that your income is a total  
18                  of \$800 a month?

19                  MR. JEFFORD: That's correct. And  
20                  up until nineteen -- until I was 65, I had no  
21                  income after the urea-formaldehyde foam disaster,  
22                  and I liquidated most of all the assets I had  
23                  because for the first six months after the ban it  
24                  was difficult to go anywhere and yet the Minister  
25                  of Health Canada, Monique Bégin, had said, "Well,

1           this time we beat the United States."

2                           The United States came out six  
3           months later with their ban. In the meantime, I  
4           was the Canadian expert for the International  
5           Standards Organization dealing with the Standards  
6           Council of Canada under the Minister of Industry,  
7           and the repercussions in the global economy  
8           dealing with cellular plastics -- this was a big  
9           issue. And a lot of the chemical industry is  
10          based on carbon and hydrogen oxygen chemicals and  
11          the formula for formaldehyde is  $\text{CH}_2\text{O}$ .

12                           COMMISSIONER OLIPHANT: What, sir,  
13          -- I don't mean to interrupt you, but that's  
14          interesting and I'm somewhat familiar, having  
15          practised law, with the problems that arose as a  
16          result of UFFI as it's called.

17                           I mean, as I understand it, there  
18          were two problems; one was related to health and  
19          the other was related to shrinkage and a loss of  
20          capacity to do the job that insulation is meant to  
21          do. I don't want to get into that discussion with  
22          you, but what I want to ask you, sir, is where  
23          does the ethical question come in to what you're  
24          talking about in terms of your own personal  
25          experience?

1                   You say you have a perspective  
2                   that I should hear. What is your perspective  
3                   related to the ethical question, sir?

4                   MR. JEFFORD: Well, the ethical  
5                   question comes down to do we operate where there  
6                   is pressure on businesses to pay to play, to ---

7                   COMMISSIONER OLIPHANT: What do  
8                   you mean by that? That's mentioned more than once  
9                   in the documents that you filed. Are you saying  
10                  or suggesting that as a businessman, to get ahead  
11                  with government, you were required to pay off  
12                  people?

13                  MR. JEFFORD: Yes.

14                  COMMISSIONER OLIPHANT: Do you  
15                  characterize these payments as bribes?

16                  MR. JEFFORD: Yes.

17                  COMMISSIONER OLIPHANT: And you  
18                  participated in that? Or you refused to ---

19                  MR. JEFFORD: No.

20                  COMMISSIONER OLIPHANT: ---  
21                  participate?

22                  MR. JEFFORD: I didn't.

23                  COMMISSIONER OLIPHANT: I see.  
24                  Were you asked by people in positions of power to  
25                  pay?

1 MR. JEFFORD: We were pressured to  
2 pay, and it's difficult to say because it came  
3 down and people actually came as two or three down  
4 the line from the highest levels of government.

5 COMMISSIONER OLIPHANT: What's the  
6 highest levels of government that you're talking  
7 about?

8 MR. JEFFORD: The Prime Minister's  
9 Office.

10 COMMISSIONER OLIPHANT: When was  
11 this?

12 MR. JEFFORD: In the eighties;  
13 1980.

14 COMMISSIONER OLIPHANT: Who was  
15 the Prime Minister?

16 MR. JEFFORD: Trudeau.

17 COMMISSIONER OLIPHANT: And you're  
18 saying that it's two or three levels down. Are we  
19 talking politicians or bureaucrats?

20 MR. JEFFORD: Both.

21 COMMISSIONER OLIPHANT: Are we  
22 talking Cabinet Ministers?

23 MR. JEFFORD: Yes.

24 COMMISSIONER OLIPHANT: All right.

25 MR. JEFFORD: And many of those --

1 -

2 COMMISSIONER OLIPHANT: You're  
3 saying to me today, Mr. Jefford, that payments  
4 were requested or perhaps demanded, or pressure  
5 was applied to you by Cabinet Ministers in the  
6 Trudeau Government and bureaucrats who were  
7 working for the Government of Canada at that time  
8 to pay money in order to do what?

9 MR. JEFFORD: Well, the tobacco  
10 industry pays and ---

11 COMMISSIONER OLIPHANT: No, no.  
12 No, I don't want to hear about -- I want to hear  
13 about your experience. What were you going to get  
14 if you paid to play, so to speak?

15 MR. JEFFORD: We wouldn't have  
16 been banned.

17 COMMISSIONER OLIPHANT: Really?  
18 That's what you're saying?

19 MR. JEFFORD: Yes.

20 COMMISSIONER OLIPHANT: That urea-  
21 formaldehyde would not have been banned if you  
22 would have paid the bribes that you were pressured  
23 to pay?

24 MR. JEFFORD: The lobbying and the  
25 pressure applying at the time was intense because

1 Rapco was owned by the CDC and ---

2 COMMISSIONER OLIPHANT: What's the  
3 CDC, sorry?

4 MR. JEFFORD: Canadian Development  
5 Corporation.

6 COMMISSIONER OLIPHANT: Okay.

7 MR. JEFFORD: And the lobby power  
8 between the CDC and CD Howe and the officials that  
9 were involved at the time, and I was a Chairman of  
10 Society of the Plastics Industry, the PUFF  
11 Committee on the phenolic urea-formaldehyde foam  
12 insulation committee, and we actually had  
13 government officials being sent to the Society of  
14 the Plastics Industry's meetings where pressure  
15 was applied. And to say, well, "You can test in  
16 one area and that's going to show how bad  
17 something else is," just doesn't fit within my  
18 concept of -- it's a median in the message, much  
19 like you have payments that had been made and your  
20 function is to try and find out well, why were  
21 these payments made and what were they made for?

22 COMMISSIONER OLIPHANT: All right.

23 If you are granted standing, Mr.  
24 Jefford, how do you propose to contribute to the  
25 policy review; what exactly do you propose to do,

1           sir?

2                           MR. JEFFORD:  I was hoping that  
3           there would be draft improvements on the ethics  
4           for how politicians and the Privy Council are to  
5           conduct business and, given that, I thought that  
6           perhaps I could give you a completely different  
7           viewpoint on where the loopholes were and how they  
8           should be closed.

9                           And I might not have the expertise  
10          to particularly define and articulate the wording,  
11          but I'm sure you have access to many people who  
12          can do that.

13                           COMMISSIONER OLIPHANT:  It's the  
14          concept.

15                           MR. JEFFORD:  And in my  
16          profession, from sitting with Dr. Rubik and  
17          playing with the first Rubik's cube, to other  
18          activities, to being the Canadian expert on a  
19          joint international taskforce to deal with global  
20          trauma and man-made disasters, where we developed  
21          the elastomeric isolator standards for production  
22          of high-rise structures and bridge decks, I had no  
23          expertise, as being a structural engineer to make  
24          elastomeric isolators.  I just had the concept  
25          that after the World Trade Centre we needed to do

1 something, and I got no help from any experts in  
2 Canada. Initially I got help from experts in  
3 Italy and then in England, and there was no  
4 funding available to do it from Canada's end.

5 So Japan had a 10 percent -- one-  
6 tenth of 1 percent interest rate, and through the  
7 Japanese government we arranged funding through  
8 the Japanese Rubber Association.

9 I got Professor Nishi from Tokyo  
10 University, Professor Kelly from the U.S., and we  
11 developed a standard, and it was ---

12 COMMISSIONER OLIPHANT: Well ---

13 MR. JEFFORD: --- my association  
14 that made it happen.

15 COMMISSIONER OLIPHANT: Mr.  
16 Jefford, that's fine, but I'd like you to respond  
17 to the question.

18 What assistance do you propose to  
19 give me in the work that I have to do and the  
20 mandate that I have to fulfil if you're granted  
21 standing on the policy review part?

22 You're going to suggest, I take  
23 it, changes that ought to be made to the existing  
24 Codes?

25 MR. JEFFORD: I believe I can

1 provide you perhaps areas to look at and  
2 constructive comments and criticisms ---

3 COMMISSIONER OLIPHANT: Okay.

4 MR. JEFFORD: --- on holes and  
5 voids that exist, or the loopholes that are put in  
6 there, and can close them up so that we have a  
7 better ethical practice in how we, as Canadians,  
8 do business.

9 COMMISSIONER OLIPHANT: I read  
10 your materials.

11 Are you suggesting, sir, that  
12 lawyers' loopholes, as I think you refer to them  
13 in your materials, were put into that Code on  
14 purpose?

15 MR. JEFFORD: I think you have me  
16 maybe on dangerous grounds to answer that  
17 question, but the legal profession is quite  
18 proficient at ---

19 COMMISSIONER OLIPHANT: So your  
20 answer is yes? The answer is yes?

21 MR. JEFFORD: I think the best way  
22 would be to describe that the way Pat Murphy  
23 answered a question in the Commission of Inquiry  
24 before. He said, "I don't wish to call you  
25 something, but at the same time I don't want

1 anybody here to believe that I think what you're  
2 telling is the truth," and so ---

3 COMMISSIONER OLIPHANT: I think  
4 you're referring to Pat Martin.

5 MR. JEFFORD: Pat Martin.

6 COMMISSIONER OLIPHANT: Right.  
7 Okay.

8 Did you participate in the  
9 Walkerton Inquiry?

10 MR. JEFFORD: Yes, I did.

11 COMMISSIONER OLIPHANT: Okay.

12 MR. JEFFORD: Well, I was -- I did  
13 not participate in the Walkerton Inquiry ---

14 COMMISSIONER OLIPHANT: You made a  
15 presentation, did you not?

16 MR. JEFFORD: No, I did not. I  
17 was ---

18 COMMISSIONER OLIPHANT: Do you  
19 know that you're shown as having made a  
20 presentation before Justice O'Connor?

21 MR. JEFFORD: Oh.

22 COMMISSIONER OLIPHANT: Yes.

23 MR. JEFFORD: Before they formed  
24 the Inquiry they asked for people that had input  
25 for Justice O'Connor on -- I think my appearance

1 was on July the 27<sup>th</sup>.

2 COMMISSIONER OLIPHANT: It was  
3 July the 27<sup>th</sup>, sir.

4 MR. JEFFORD: And it was an  
5 outline of how people were affected before the ---

6 COMMISSIONER OLIPHANT: So you did  
7 make a presentation to Justice O'Connor. I just  
8 want to ---

9 MR. JEFFORD: Yes.

10 COMMISSIONER OLIPHANT: --- make  
11 sure that the Arthur Jefford there is the Arthur  
12 Jefford who's standing before me today.

13 MR. JEFFORD: Definitely.

14 COMMISSIONER OLIPHANT: Your full  
15 name is Arthur Leslie Jefford?

16 MR. JEFFORD: That is correct.

17 COMMISSIONER OLIPHANT: Okay.

18 Anything further, Mr. Jefford?

19 MR. JEFFORD: No, I think that's  
20 sufficient. Thank you very much.

21 COMMISSIONER OLIPHANT: Thank you  
22 for your submission. You can be seated, sir.

23 Mr. Wolson?

24 MR. WOLSON: Mr. Commissioner, if  
25 we could perhaps recess for about 15 minutes? If

1 we hear from Mr. Auger in that time that he can be  
2 here this morning, we'll reconvene. You may want  
3 to reconvene in any event just to adjourn the  
4 proceedings, or you may wish counsel to do that,  
5 but if we could recess now for 15 minutes and  
6 await to hear from Mr. Auger?

7 COMMISSIONER OLIPHANT: Right.

8 Just before we do that,  
9 Mr. Vickery, the Government of Canada will be  
10 granted full standing to participate in the policy  
11 review.

12 Mr. Jefford, I thank you for your  
13 submission, sir. I'm going to reserve my decision  
14 on your application and I will provide you with  
15 that decision in writing in due course. Okay?

16 Thank you very much, Mr. Jefford.  
17 I appreciate your attendance here today.

18 We'll recess for 15 minutes and  
19 I'd like to see my counsel and Professor Forcese  
20 back behind the office.

21 --- Upon recessing at 10:05 a.m./

22 L'audience est suspendue à 10h05

23 --- Upon resuming at 10:29 a.m./

24 L'audience est reprise à 10h29

25 THE REGISTRAR: All rise.

1           Veillez vous lever.

2                           COMMISSIONER OLIPHANT:   Please be  
3           seated.

4                           Mr. Wolson.

5                           MR. WOLSON:   Sir, it's now just  
6           shy of 10:30 and Mr. Auger is not available.  I  
7           had expected that if he were available he would  
8           have called.  That was the understanding we had.

9                           So therefore we could adjourn for  
10          today, convene tomorrow morning at 9:30, at which  
11          time you would hear from Mr. Conacher on behalf of  
12          Democracy Watch and you would hear from Mr. Auger  
13          or a representative of his firm on behalf of Mr.  
14          Schreiber.

15                          COMMISSIONER OLIPHANT:  I thank  
16          you, Mr. Wolson.

17                          The hearing this morning will be  
18          adjourned until 9:30 tomorrow morning.  That's  
19          Thursday the 22<sup>nd</sup> at 9:30, at which time we'll hear  
20          from counsel for Mr. Schreiber and for a  
21          representative on behalf of Democracy Watch.

22                          So good morning, ladies and  
23          gentlemen.

24                          THE REGISTRAR:  All rise.

25          Veillez vous lever.

1            --- Upon adjourning at 10:30 a.m./  
2                    L'audience est ajournée à 10h30  
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**C E R T I F I C A T I O N**

I, Sean Prouse a certified court reporter in the Province of Ontario, hereby certify the foregoing pages to be an accurate transcription of my notes/records to the best of my skill and ability, and I so swear.

Je, Sean Prouse, un sténographe officiel dans la province de l'Ontario, certifie que les pages ci-hautes sont une transcription conforme de mes notes/enregistrements au meilleur de mes capacités, et je le jure.



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Sean Prouse, CR