

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

Wednesday, May 13, 2009

Tenue à:

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

le mercredi 13 mai 2009

APPEARANCES / COMPARUTIONS

Mr. Guy Pratte Mr. Harvey Yarosky, Q.C. Me François Grondin Mr. A. Sameul Wakim, Q.C. Mr. Jack Hughes Ms Kate Glover	The Right Honourable Brian Mulroney
Mr. Richard Auger	Mr. Karlheinz Schreiber
Mr. Paul B. Vickery Mr. Yannick Landry Me Philippe Lacasse Ms Amy Joslin-Besner	Attorney General of Canada
Mr. Robert E. Houston, Q.C.	Mr. Fred Doucet
Mr. Richard Wolson Mr. Evan Roitenberg Ms Nancy Brooks Mr. Guiseppe Battista Ms Myriam Corbeil Mr. Peter Edgett Ms Sarah Wolson Mr. Martin Lapner	Counsel for the Commission
Ms Marie Chalifoux	Registrar
Ms Anne Chalmers Ms Mary O'Farrell	Commission Staff

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1 Ottawa, Ontario / Ottawa (Ontario)
2 --- Upon resuming on Wednesday, May 13, 2009
3 at 9:36 a.m. / L'audience reprend le mercredi
4 13 mai 2009 à 9 h 36

5 34684 COMMISSIONER OLIPHANT: Good morning,
6 counsel. Be seated, please.

7 34685 Mr. Wolson...?

8 34686 MR. WOLSON: Yes, good morning,
9 Mr. Commissioner.

10 34687 It has been reported -- and I have
11 confirmed it -- that Mr. Schreiber has been
12 hospitalized. He underwent surgery I think last night
13 and the situation is this. I have talked to Mr. Auger,
14 his counsel, and while of course he is not looking to
15 delay this proceeding at all, he does take the position
16 that, depending on his client's state of health, he
17 would need to get instructions prior to his
18 cross-examination.

19 34688 Today is Wednesday and it is a
20 situation where we are just going to have to wait and
21 see as to his client's state of health and when he is
22 able to instruct his counsel.

23 34689 I wanted to put that on the record.
24 It will explain why Mr. Schreiber is not here. He left
25 yesterday apparently in a great deal of pain and was

1 hospitalized and operated on, as I noted.

2 34690 So that said, Mr. Auger will have

3 some comments to make as the hours go by.

4 34691 COMMISSIONER OLIPHANT: All right.

5 Thank you very much.

6 34692 Mr. Pratte...?

7 PREVIOUSLY SWORN: THE RIGHT HON. BRIAN MULRONEY /

8 SOUS LE MÊME SERMENT: THE RIGHT HON. BRIAN MULRONEY

9 EXAMINATION: THE RIGHT HON. BRIAN MULRONEY BY MR.

10 PRATTE (Cont'd) / INTERROGATOIRE: THE RIGHT HON. BRIAN

11 MULRONEY PAR Mr. PRATTE (suite)

12 34693 MR. PRATTE: Mr. Mulroney, just for

13 convenience, perhaps you could have close by or at hand

14 Binder No. 2, Tab 72.

15 34694 You will find there -- and we will go

16 into it in a moment, but it is an agenda of a trip you

17 took to Asia and China in particular in September 1993.

18 34695 We finished yesterday by discussing

19 your knowledge and experience with the UN. You had

20 mentioned the UN in context of some of the documents

21 that Mr. Schreiber had given you at Mirabel.

22 34696 How did you then propose to start on

23 this watching brief? How did that come about for

24 Mr. Schreiber?

25 34697 THE RIGHT HON. BRIAN MULRONEY: When

1 a few days after I returned to the cottage and had met
2 with Mr. Schreiber some time before, I was sitting out
3 looking at my schedule for the upcoming weeks and
4 months, such as it was then. I was just starting
5 again.

6 34698 But one thing that I had very firmly
7 on my agenda was the agenda of a trip to China and
8 elsewhere in Asia, from October 1 to October 11. Here
9 we are probably September 1 or thereabouts.

10 34699 So when I examined more carefully the
11 documentation that Mr. Schreiber had given me,
12 including the full photographs of the advertising
13 brochure, the merchandising documentation with the
14 United Nations splashed all over it, I am taking a look
15 at my proposed agenda for China and thought that I
16 might usefully explore the concept with the leading
17 members of the United Nations, in particular the P5
18 countries, to begin the lengthy process of finding out
19 where they stood generally on something like this.

20 34700 So inasmuch as I was going to China,
21 I thought that might be a good place to start.

22 34701 China is a member of the P5 and has
23 always taken a strong interest in the United Nations.
24 So I figured in the absence of any specific
25 instructions from Mr. Schreiber, this was a good way to

1 start.

2 34702 MR. PRATTE: Just to be clear,
3 Mr. Mulroney, your trip to China, was it arranged for
4 that purpose or did it pre-exist? It's not the correct
5 word, but --

6 34703 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 34704 MR. PRATTE: But just explain to me
8 in general.

9 34705 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 34706 MR. PRATTE: We will see that the
11 names of business people involved are blocked out, but
12 I wonder, whilst respecting confidentiality, if you
13 could tell me a bit about how this trip and the
14 principal purpose of that trip was?

15 34707 THE RIGHT HON. BRIAN MULRONEY: It
16 was to represent another client but, as you know, when
17 you travel that distance and are meeting the leadership
18 of China, if you have any other clients or interests it
19 is a good opportunity to explore them because of the
20 nature of the Chinese business approach.

21 34708 It is always done first, if you are
22 going at this level, in an informal, almost social
23 setting and then you move on to more precise business
24 discussions.

25 34709 MR. PRATTE: Okay. Could you go to

1 the agenda now and to the date of October 5, 1993.

2 34710 THE RIGHT HON. BRIAN MULRONEY:

3 Yes...?

4 34711 MR. PRATTE: You see there that there
5 are various meetings that are set up.

6 34712 Let me ask you, Mr. Mulroney, the
7 first one is at 8:30 in the morning, a potential
8 breakfast with the Ambassador, the Canadian Ambassador
9 in Beijing, Mr. Fred Bild.

10 34713 Did you know Mr. Bild?

11 34714 THE RIGHT HON. BRIAN MULRONEY: I
12 appointed him.

13 34715 MR. PRATTE: Do you remember whether
14 or not that breakfast did actually take place or did
15 you meet him when you were in China?

16 34716 THE RIGHT HON. BRIAN MULRONEY: Oh,
17 sure, yes.

18 34717 MR. PRATTE: Did you discuss with him
19 at that time, prior to going there or when you met him
20 there, whatever business you intended to conduct, if
21 any, while you were in China?

22 34718 THE RIGHT HON. BRIAN MULRONEY: Well,
23 perhaps in a general fashion, but it was for private
24 clients and that's the way you tend to conduct it.

25 34719 The Ambassadors can be very useful,

1 very helpful there, but both my clients with whom I was
2 travelling and I had our own access and friendships
3 there. So the embassy provided essentially, to some
4 extent, some support, ground support, although we
5 had -- we provided all of our own facilities and our
6 own vehicles, and so on.

7 34720 MR. PRATTE: Okay. If we go down the
8 list, Mr. Mulroney, then, there is a meeting at
9 11:30 -- well, first of all, let me ask you this
10 specifically: Any of those meetings here, were any of
11 them -- maybe I have asked you this already --
12 specifically set up to discuss the watching brief for
13 Mr. Schreiber?

14 34721 THE RIGHT HON. BRIAN MULRONEY: No.
15 I had only met him a month before and I had only come
16 up with the idea how I might usefully set in train a
17 series of things that would be helpful to him. I
18 decided to take advantage of the fact that I was going
19 to be there for 10 or 11 days to find out if something
20 helpful might be done there.

21 34722 MR. PRATTE: Okay. So let me take
22 you back, then, to 11:30, the 11:30 to 13:30 slot, a
23 meeting and lunch with the Chairman of CITIC.

24 34723 Who is that person? I won't try to
25 pronounce the name, Mr. Mulroney. I'm sure you were

1 better than me at that. Did you know?

2 34724 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 34725 MR. PRATTE: What is the name of the

4 person?

5 34726 THE RIGHT HON. BRIAN MULRONEY: Wei

6 Ming Yi.

7 34727 MR. PRATTE: And what is CITIC?

8 34728 THE RIGHT HON. BRIAN MULRONEY: CITIC

9 is the -- or then was anyway, the largest development

10 Corporation in China.

11 34729 MR. PRATTE: Okay.

12 34730 THE RIGHT HON. BRIAN MULRONEY:

13 Largely controlled by the government and I think

14 established by Rong Yiren and it became a big -- it's

15 like a combination I suppose of the, I don't know, la

16 Caisse de dépôt and Investissement Québec where

17 everything is -- it's a major player in the Chinese

18 economy.

19 34731 MR. PRATTE: Do you know if you

20 discussed your idea, your concept of the P5, with the

21 Chairman of CITIC at that time?

22 34732 THE RIGHT HON. BRIAN MULRONEY: I

23 can't remember about that one.

24 34733 MR. PRATTE: Okay.

25 34734 THE RIGHT HON. BRIAN MULRONEY: I

1 eventually became a Director of this company.

2 34735 MR. PRATTE: All right. Then if you
3 go down, there is another meeting with the
4 Vice-Minister, Foreign Affairs of the People's Republic
5 of China.

6 34736 THE RIGHT HON. BRIAN MULRONEY: Yes.
7 That is the kind of person with whom I would have -- I
8 can't specifically recall, but that is the kind of
9 person that I would have begun informal discussions
10 with.

11 34737 MR. PRATTE: Did you know that
12 person?

13 34738 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 I knew him well.

15 34739 MR. PRATTE: And how did you know him
16 before?

17 34740 THE RIGHT HON. BRIAN MULRONEY:
18 Because he often accompanied a -- when I was there in
19 1986, I made a State visit to China, and Dung Chow Ping
20 was then running the show and this Mr. Yi was really in
21 charge of the Foreign Affairs Secretariat. They spoke
22 excellent English and so I was able to begin a
23 relationship with him.

24 34741 MR. PRATTE: Okay.

25 34742 THE RIGHT HON. BRIAN MULRONEY: He

1 was very close to the Chairman.

2 34743 MR. PRATTE: Now let's get down the
3 list to "Meeting and Banquet" hosted by the
4 Vice-Premier of the People's Republic of China.

5 34744 Tell me about that. What do you
6 recall about that meeting and banquet?

7 34745 First of all, was there a meeting
8 before the banquet?

9 34746 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 there was. This was Zhu Ronji, who was then the
11 Vice-Premier and Governor of the Central Bank of China.
12 And Zhu Ronji, because of our earlier association, had
13 me in for a private meeting before the banquet which he
14 gave in our honour.

15 34747 MR. PRATTE: When you say your prior
16 association, what are you referring to?

17 34748 THE RIGHT HON. BRIAN MULRONEY: After
18 Tiananmen Square he came to Canada and I was advised --
19 and I was really informed that a decision had been made
20 in the External Affairs area that because of Tiananmen
21 Square he would not be received by any high-ranking
22 official of the Government of Canada.

23 34749 Tiananmen Square had happened I think
24 possibly two years before, and I felt that was enough
25 time for anybody in the penalty box; that I did not

1 want to place in jeopardy, long-term jeopardy, Canada's
2 relationship with China.

3 34750 Mr. Trudeau had been very active on
4 the file. I was, Mr. Chrétien after me, and so on, and
5 I didn't want to place that in jeopardy. So I simply
6 said that I would, irrespective of what the Chinese
7 government had been informed -- because he was very
8 disappointed that he couldn't get really to see anybody
9 in the political system -- that I would see him for
10 dinner at 24 Sussex.

11 34751 MR. PRATTE: This is while you are
12 still Prime Minister?

13 34752 THE RIGHT HON. BRIAN MULRONEY: While
14 I was Prime Minister. So this had to be '90-'91.

15 34753 So he came over for dinner. I was
16 accompanied by one or two people and so was he. He was
17 then the Vice-Premier and he was on his way to becoming
18 Prime Minister and the most influential man in China.

19 34754 So this was a dinner that he was
20 giving in our honour, and he asked me to come by and
21 see him for about half an hour before we went to the
22 dinner.

23 34755 You know, the Chinese, it is said of
24 the Chinese that they never forget either a sleight or
25 a friendship. We were friends with China and I wanted

1 to keep it that way.

2 34756 MR. PRATTE: You referred back to
3 this dinner, Mr. Mulroney.

4 34757 How would you specifically
5 characterize your relationship with the Vice-Premier of
6 China by the time you go to China? I mean are you --

7 34758 THE RIGHT HON. BRIAN MULRONEY: Oh,
8 very friendly.

9 34759 MR. PRATTE: This meeting -- so there
10 is a meeting before the banquet, just so I am clear.

11 34760 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 34761 MR. PRATTE: Do you recall anything
13 you might have discussed at that meeting?

14 34762 THE RIGHT HON. BRIAN MULRONEY: I
15 raised with him in a private general fashion the
16 main -- the issues involving the main client with whom
17 I was travelling obviously, and I also took the liberty
18 of his invitation to discuss with him the situation of
19 another Canadian, major Canadian corporation, plus this
20 matter with the United Nations.

21 34763 I may say parenthetically that in the
22 first two instances the Chinese government, in a timely
23 manner, responded very favourably and my clients were
24 able to do that which they sought to do in China.

25 34764 The third one, for reasons that we

1 will -- which was the Thyssen matter. For reasons that
2 I'm sure we will get into, nothing came to pass at the
3 time.

4 34765 MR. PRATTE: What did you -- in
5 respect of the watching brief you had from
6 Mr. Schreiber, the Thyssen matter, what did you say or
7 what was the discussion, to the best of your --

8 34766 THE RIGHT HON. BRIAN MULRONEY: Well,
9 I can't remember the -- I raised three matters with him
10 before dinner just in chatting. I wasn't expecting any
11 definitive answers then nor did I get any on anything.

12 34767 We went from there to a very lengthy
13 banquet where I sat next to him for four hours that
14 evening and had all kinds of conversations about pretty
15 well everything that was involved in a bilateral
16 relationship with Canada, plus the corporate interests
17 that I was seeking to advance.

18 34768 So I don't remember the specifics,
19 but I do remember that in the three cases I raised
20 obviously my interest in it, and in the Thyssen case
21 what can I usefully do and what would you suggest,
22 given China's very powerful position at the United
23 Nations.

24 34769 MR. PRATTE: Why, Mr. Mulroney,
25 wouldn't you have approached this watching brief by

1 seeking to meet someone in the bureaucracy?

2 34770 I just want to get a sense of why you
3 are talking to that person as opposed to someone else
4 or arriving with reams of paper, whatever.

5 34771 THE RIGHT HON. BRIAN MULRONEY: It
6 doesn't work. You don't deal with the Chinese
7 leadership that way. It is a series of courtesies. It
8 is a series of long friendships and long, laborious
9 discussions in some cases before you get down to the
10 nitty-gritty.

11 34772 MR. PRATTE: If you flip over the --
12 well, yes. Ambassador Bild, was he at that meeting?

13 34773 THE RIGHT HON. BRIAN MULRONEY: Oh,
14 I'm sure he was somewhere at the dinner, but he wasn't
15 at this meeting.

16 34774 MR. PRATTE: Okay. And where were
17 you seated at dinner?

18 34775 THE RIGHT HON. BRIAN MULRONEY: Right
19 on the right hand of Zhu Ronji.

20 34776 MR. PRATTE: Do you recall whether
21 Ambassador Bild was close by or close to you?

22 34777 THE RIGHT HON. BRIAN MULRONEY: No.
23 He would have been -- if he was there, he would have
24 been in the -- he would have been elsewhere in the
25 hall.

1 34778 MR. PRATTE: Okay.

2 34779 THE RIGHT HON. BRIAN MULRONEY: I
3 think the dinner was in the Great Hall, wasn't it?

4 34780 MR. PRATTE: Yes.

5 34781 THE RIGHT HON. BRIAN MULRONEY: Yes,
6 it was in the Great Hall.

7 34782 MR. PRATTE: Okay.

8 34783 THE RIGHT HON. BRIAN MULRONEY: And
9 so the dining facilities there are, to say the least,
10 fairly large.

11 34784 MR. PRATTE: All right. Could you
12 flip over to the next page.

13 34785 There is a name there, Vice-Chairman
14 of the State, Rong Yiren.

15 34786 MR. PRATTE: Rong Yiren. You
16 mentioned that name just a moment ago, I think.

17 34787 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 34788 MR. PRATTE: Who is that person?

19 34789 THE RIGHT HON. BRIAN MULRONEY: Rong
20 Yiren was at the time the Vice-President of China.

21 34790 MR. PRATTE: Did you discuss your
22 mandates or your watching brief with Mr. Yiren?

23 34791 THE RIGHT HON. BRIAN MULRONEY: In a
24 general way, the same way I did it with others.

25 34792 Rong Yiren was an original part of

1 the leadership, the long march and all of that. But
2 like many of them he was badly dealt with, he and his
3 family, during the cultural revolution.

4 34793 He rebounded from that, as did his
5 son, as a friend of Dung Chow Ping and he emerged as
6 the creator of what we identified earlier as CITIC. He
7 was the -- I don't know if he was the founder, but he
8 was certainly the boss of CITIC.

9 34794 And he would come to Canada in that
10 capacity and that's where I met him. And over time he
11 was persuaded to accept the position of Vice-President
12 of China, which he did, but he maintained his basic
13 interest in CITIC.

14 34795 He was a very influential --
15 obviously very influential man and someone well
16 acquainted with business obviously. So it was always
17 informative and instructive to deal with him.

18 34796 MR. PRATTE: Did you, during those
19 two meetings in particular did you ask whether or not
20 the Chinese would be interested in buying the vehicles
21 for which you had the brochures?

22 34797 THE RIGHT HON. BRIAN MULRONEY: No.
23 I have made the point in other circumstances that once
24 I engaged in conversation, in the unlikely event that
25 there or somewhere else they said, by the way, I'm glad

1 you mentioned it because in point of fact we need 500
2 of those vehicles immediately, could you get them for
3 us, I would have been on the phone in a New York minute
4 to Mr. Schreiber and say hey, this thing has gone much
5 better than I thought, there is and -- but I wasn't
6 there to do that. I was there simply to begin the
7 process of sounding out the terrain for a more
8 comprehensive approach later.

9 34798 MR. PRATTE: Okay. And when you say
10 sounding out the terrain, what is the ultimate for
11 something later on -- I don't want to put words in your
12 mouth.

13 34799 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 34800 MR. PRATTE: I just want you to try
15 to explain to the Commissioner what you had in mind.

16 34801 THE RIGHT HON. BRIAN MULRONEY: Well,
17 when I sat out there and tried to reflect, as I say, on
18 what I might usefully do in the absence,
19 Mr. Commissioner, of any specific instructions from the
20 client, and I came upon the concept of the
21 standardization and the utilization of this quite
22 splendid vehicle that Thyssen was producing for the
23 United Nations, I relied on my own experience with the
24 United Nations to know of the need and the value of
25 standardization, and so on.

1 34802 And the Chinese were particularly
2 important, not only because of their enormous size and
3 the enormous size of their military as well, but their
4 support of the United Nations. China was a member of
5 the P5.

6 34803 COMMISSIONER OLIPHANT: May I ask a
7 question, please.

8 34804 To your knowledge, has China ever
9 participated in a peacekeeping mission?

10 34805 THE RIGHT HON. BRIAN MULRONEY: China
11 has been very active in Africa in what would be
12 considered as a developmental and United Nations
13 supported initiatives, but they tend to avoid specific
14 engagements that take them outside of China. But they
15 were a big supporter of this.

16 34806 And moreover, as a member of the P5,
17 they had a veto over everything. So it was important
18 to try to get them onside, or at least find out
19 initially whether this was a good idea. I mean, if
20 somebody said this is a lousy idea, you know, we can
21 never get everybody to agree to standardization or
22 to -- because the other part of the concept -- so I'm
23 sorry.

24 34807 I had planned then to visit with the
25 members of the P5, go to New York, see the Secretary

1 General and say look, I have met with the members of
2 the P5 around the world. They seem to be in general
3 favour of this approach. I would like to flesh it out
4 and take it further. And if I do that and come back to
5 you, would you then take it to the P5, to the Security
6 Council, for the next stage of discussion and debate?

7 34808 That would have resulted I hoped in a
8 decision by the Security Council, which was really the
9 P5, to say look, this makes a lot of sense. We can
10 save a lot of money doing this.

11 34809 The other thing I thought of -- I
12 don't know how, it might have worked out fully -- was
13 rather than -- as soon as somebody calls what happens
14 at the United Nations -- it's more sophisticated now,
15 but then -- there would be a lot of calling around to
16 the Prime Minister of Canada, to the President of
17 Bangladesh. Could you send peacekeepers and equipment
18 to the Congo?

19 34810 You can imagine how effective that
20 was.

21 34811 I thought that the peacekeeping
22 section of the United Nations, if you could persuade
23 the P5 to be the acquirer of these and the controller
24 of this, you could then station a number of these on an
25 emergency basis, say in Europe, in central Africa, in

1 Sri Lanka, and so on, so that if there was a regional
2 demand, which there always is, you would have
3 everything there. You would have your trained -
4 everyone from the generals down in peacekeeping, and
5 you would have standardized equipment, so if one got
6 blown out by a mine, or if there was a flat tire, or
7 what have you, they are all the same, you can replace
8 them and move along much more efficiently.

9 34812 That was my concept. That's what I
10 was trying to do. I don't know - I don't think it was
11 the greatest idea in the world, but it was one that I
12 thought might advance Mr. Schreiber's company's
13 corporate interests.

14 34813 MR. PRATTE: Mr. Mulroney, you come
15 back from China, then, I guess, if we rely on the
16 schedule -

17 34814 Do you have a recollection of when
18 you actually come back to Canada?

19 34815 THE RIGHT HON. BRIAN MULRONEY: Oh, I
20 am going to say - I think I got back a day or so before
21 the general election that year, whenever that was.

22 34816 Late October?

23 34817 MR. PRATTE: I think, maybe, a little
24 earlier than that, if we look at the schedule.

25 34818 THE RIGHT HON. BRIAN MULRONEY:

1 Mid-October?

2 34819 I was in China on the 11th, and I had
3 to go to Paris, so I am going to say the third week of
4 October.

5 34820 MR. PRATTE: All right. Did you
6 report to Mr. Schreiber about this idea, or this trip
7 to China around that time?

8 34821 THE RIGHT HON. BRIAN MULRONEY: Not
9 then.

10 34822 When I had left Harrington Lake, I
11 had made a courtesy call to Fred Doucet, who had
12 arranged the meetings and so on there, simply to tell
13 Fred that the meeting had taken place, and that Mr.
14 Schreiber had retained my services, and that I was
15 working on a concept that I hoped would be helpful.

16 34823 Fred was - I considered him his
17 representative, which he was - his lobbyist, which he
18 was - and he had set up the meeting with Mr. Schreiber,
19 and I felt it appropriate that I tell him, that I
20 report to him that Mr. Schreiber had retained my
21 services to act internationally on his behalf, which
22 was what I then proceeded to do.

23 34824 I don't know if I called Fred after
24 coming back from China. I probably did, but I can't
25 put words in his mouth, and I can't say at that time

1 that anything other than the China thing had been
2 finished and we were going to move on.

3 34825 MR. PRATTE: Did you have occasion to
4 discuss your China trip and concept, as you have
5 described it, with Mr. Schreiber at any point in 1993?

6 34826 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 34827 MR. PRATTE: How did that come about?

8 34828 THE RIGHT HON. BRIAN MULRONEY: That
9 came about when Mr. Doucet called me in Montreal and
10 said, "Look, Mr. Schreiber is back in Canada, and he
11 would be glad of an opportunity to sit down with you."

12 34829 That worked out to a meeting in
13 December sometime, `93, I think.

14 34830 MR. PRATTE: Yes. Mr. Mulroney, on
15 the record there are two dates -

16 34831 First of all, do you remember where
17 the meeting took place?

18 34832 THE RIGHT HON. BRIAN MULRONEY: It
19 took place in the coffee shop of the Queen Elizabeth
20 Hotel on René Lévesque Boulevard in Montreal.

21 34833 MR. PRATTE: There are two dates that
22 have been put forward as possibilities. One is
23 December 17th, a Friday, and December 18th, 1993.

24 34834 Do you have a specific recollection
25 as to the date?

1 34835 THE RIGHT HON. BRIAN MULRONEY: I
2 don't remember the date, but I think it would have been
3 the Saturday.

4 34836 MR. PRATTE: Why do you say that?

5 34837 THE RIGHT HON. BRIAN MULRONEY:
6 Simply because the manner in which everybody were
7 clothed in the hotel, in a more casual way.

8 34838 MR. PRATTE: Do you remember
9 approximately what time the meeting might have taken
10 place?

11 34839 THE RIGHT HON. BRIAN MULRONEY: I
12 think it was before noon, at around 11 o'clock.

13 34840 MR. PRATTE: When you attend the
14 meeting - you said that it was a coffee shop. Can you
15 describe a bit more - how should I say - fulsomely what
16 you mean by that?

17 34841 Again, is it a public area, a private
18 area?

19 34842 What is it, as best you can recall?

20 34843 THE RIGHT HON. BRIAN MULRONEY: It
21 was like a Tim Hortons with more expensive coffee.
22 --- Laughter / Rires

23 34844 THE RIGHT HON. BRIAN MULRONEY: It
24 was a coffee shop in a hotel in Montreal.

25 34845 MR. PRATTE: Were there people there

1 when you arrived? Was Mr. Schreiber there?

2 34846 THE RIGHT HON. BRIAN MULRONEY: I
3 think he was in the coffee shop, yes. I arrived later.
4 The coffee shop was filled with people, and he had a
5 table in the middle of the - the table perhaps where
6 Mr. Doucet's lawyer is down there, and everybody was
7 around, and I sat there.

8 34847 MR. PRATTE: This was in 1993, Mr.
9 Mulroney. You had just stepped down a few months
10 earlier as Prime Minister of Canada for some nine
11 years. When you arrive in a public place, are you
12 recognized?

13 34848 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 and the affection and gratitude was pouring out of the
15 souls of everyone there.

16 34849 MR. PRATTE: That's Montreal.
17 --- Laughter / Rires

18 34850 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 of course, you are recognized when you go -

20 34851 MR. PRATTE: All right. Then tell
21 the Commissioner what you recall of the discussion
22 during that meeting.

23 34852 COMMISSIONER OLIPHANT: I can't
24 resist this. You made that comment. You should have
25 come to Winnipeg.

1 --- Laughter / Rires

2 34853 THE RIGHT HON. BRIAN MULRONEY: I
3 did.

4 34854 You know one of the things I am
5 proudest of, Mr. Chairman? I think we won almost every
6 seat in Manitoba in 1984, and we did the same thing in
7 '88. So I concluded that Manitobans are particularly
8 forgiving souls.

9 --- Laughter / Rires

10 34855 MR. PRATTE: All right. Mr.
11 Mulroney, let's travel back from Winnipeg to Montreal,
12 at the Queen Elizabeth Hotel, in what you have
13 described as a coffee shop.

14 34856 THE RIGHT HON. BRIAN MULRONEY: Yeah.

15 34857 MR. PRATTE: What do you recall of
16 the discussion that may have occurred that day with Mr.
17 Schreiber?

18 34858 THE RIGHT HON. BRIAN MULRONEY:
19 Pursuant to what you have just alluded to, I sat down
20 and, not unexpectedly, because I had been in office
21 recently, people kept coming over to have a picture
22 taken with their husbands or wives, and autographs and
23 so on.

24 34859 So there was a little bit of a
25 commotion.

1 34860 And then we sat down. I suppose the
2 meeting lasted half an hour or 40 minutes. We both
3 ordered a cup of coffee, and the first thing we talked
4 about, of course, was the results of the election and
5 Mr. Chrétien's new government.

6 34861 I filled him in, generally speaking,
7 on what I had done in China. He expressed thanks for
8 that, and he acknowledged it, but he didn't appear to
9 me to be particularly interested in this, which kind of
10 surprised me, because I thought, given his interest in
11 exports, and given what we now know, that he stood to
12 make personally \$1.8 billion if we could have secured
13 this major export market - I thought he would be much
14 more enthusiastic at that meeting about China and the
15 P5 than he was.

16 34862 MR. PRATTE: All right. Did you
17 discuss anything else?

18 34863 THE RIGHT HON. BRIAN MULRONEY: Yeah,
19 he had fallen in love with the Liberals.

20 34864 MR. PRATTE: What do you mean?

21 34865 THE RIGHT HON. BRIAN MULRONEY: Well,
22 his infatuation with André Ouellet, my old classmate
23 from Laval, was unbounded. He told me that the
24 Liberals were in, and contrary to the Conservatives, he
25 had it figured out about how he was going to get this

1 deal done, now in the east end of Montreal.

2 34866 Now, I knew Mr. Ouellet well -
3 probably all of my life, since we were students. He is
4 a very effective political operator, a very tough guy,
5 very successful in his business, and he was then, after
6 the election, the Minister of Foreign Affairs and the
7 senior cabinet representative from Montreal. He had a
8 lot of influence.

9 34867 He had been introduced to him, I
10 think, by Mr. Lalonde, and he was very infatuated, both
11 with him and with the prospects of concluding a deal.

12 34868 So my conversation with him, the
13 details I provided him about China, seemed to interest
14 him a lot less.

15 34869 MR. PRATTE: Did you discuss, or did
16 he ask you anything about invoicing him, or any
17 discussions of that nature at that meeting?

18 34870 THE RIGHT HON. BRIAN MULRONEY: No.

19 34871 I think he testified here that he
20 never asked me for an invoice, he never -

21 34872 He said, I think - and it was
22 probably reflective of his attitude at that time, as
23 well - that he hoped he would be able -

24 34873 He knew that I couldn't do anything
25 in those circumstances, but he hoped that he would be

1 able to reactivate me at a later date to do something
2 major for him.

3 34874 MR. PRATTE: Did anything else happen
4 at the Queen Elizabeth Hotel?

5 34875 First of all, was there any other
6 subject matter that was discussed?

7 34876 THE RIGHT HON. BRIAN MULRONEY:
8 Basically that was it.

9 34877 MR. PRATTE: Did anything else happen
10 at that meeting?

11 34878 THE RIGHT HON. BRIAN MULRONEY: He
12 said that - he had a travelling bag with - like one
13 sees often in Europe, with a strap over the shoulder.
14 It was on the ground. He opened it and said, "I would
15 like to give you a second payment on your retainer, and
16 good luck," and off we went.

17 34879 MR. PRATTE: What was the form of
18 the -

19 34880 THE RIGHT HON. BRIAN MULRONEY: It
20 was the same kind of legal sized envelope. He put it
21 on the table, in front of everybody in the hotel, in
22 the coffee shop, and he walked me to the door, and I
23 left and he went back to Germany.

24 34881 MR. PRATTE: What did you do with the
25 envelope?

1 34882 THE RIGHT HON. BRIAN MULRONEY: I
2 took it home and I put it in the safe.

3 34883 MR. PRATTE: And what was in it?

4 34884 THE RIGHT HON. BRIAN MULRONEY: The
5 same amount.

6 34885 MR. PRATTE: Seventy-five thousand
7 dollars?

8 34886 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 34887 MR. PRATTE: In what denomination?

10 34888 THE RIGHT HON. BRIAN MULRONEY: The
11 same denominations.

12 34889 MR. PRATTE: Did you put this money
13 in a bank?

14 34890 THE RIGHT HON. BRIAN MULRONEY: No, I
15 kept it in the safe, as I told you.

16 34891 MR. PRATTE: So that was late 1993,
17 Mr. Mulroney. Did you carry out any other activities
18 right then, or subsequently, relating to what you have
19 described as the watching brief?

20 34892 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 I did. In '94 President Yeltsin of Russia called and
22 invited Mila and me and the children to visit with him.
23 He was arranging a trip for us in Russia, which we
24 accepted. We went over there, and in essentially
25 similar circumstances, informal, I began the process of

1 finding out where he stood as a member of the P5.

2 34893 MR. PRATTE: And where was that?

3 34894 Where did he stand?

4 34895 THE RIGHT HON. BRIAN MULRONEY: The
5 meeting took place in Sochi. He had installed us in a
6 villa next to his own, and he would come over for
7 breakfast or lunch or dinner when we were there.

8 34896 One day he brought us out - flew us
9 up to an area for kind of like a family - his family
10 and ours, kind of like a family picnic, where we spent
11 a number of hours in casual conversation.

12 34897 When I raised it with him, he
13 expressed interest. I think he said that he knew the
14 company, and that they produced a superior product.

15 34898 I knew that - he alluded to his
16 problems that were beginning in Chechnya, and elsewhere
17 in the Urals, and that he needed equipment.

18 34899 He, I think, misunderstood what I was
19 trying to say, because he said to me, "You know, Brian,
20 I would love to buy this product, but I don't have any
21 money." I said to him, "Well, I'm not trying to sell
22 anything, I just want to know where Russia would stand
23 if this came to the United Nations," and he led me to
24 believe that, if that's what it was, he would be
25 supportive.

1 34900 MR. PRATTE: Could you turn to Tab
2 74.

3 34901 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 34902 MR. PRATTE: Do you recognize that
5 document?

6 34903 THE RIGHT HON. BRIAN MULRONEY: Yes,
7 I do.

8 34904 MR. PRATTE: What is it?

9 34905 THE RIGHT HON. BRIAN MULRONEY: It is
10 my schedule, and that of the family, for a visit to
11 Russia, from August 18th to the 30th, 1994.

12 34906 MR. PRATTE: If you go to the last
13 page of the tab, Mr. Mulroney, and look at the
14 calendar - you mentioned Sochi. If you look at the
15 23rd and 24th of August -

16 34907 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 34908 MR. PRATTE: -- it says "Moscow to
18 Sochi," and then Sochi to - I am not sure how to
19 pronounce that either.

20 34909 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 34910 MR. PRATTE: Is that the place where
22 you described the meeting having taken place?

23 34911 THE RIGHT HON. BRIAN MULRONEY: I
24 suppose so. I think it worked out to be longer than
25 that, but it was certainly three days, or something

1 like that.

2 34912 MR. PRATTE: Did Mr. Yeltsin indicate
3 any reaction to your suggestion to him about your
4 concept, and the P5, et cetera?

5 34913 THE RIGHT HON. BRIAN MULRONEY: He
6 indicated at the end -

7 34914 He misunderstood what I had said.

8 34915 MR. PRATTE: Yes.

9 34916 THE RIGHT HON. BRIAN MULRONEY: Then,
10 when I said, "Well, I am not trying to sell anything, I
11 am trying to explore the possibility of what you might
12 think of the concept, and whether you think it's a
13 worthy one," he said, "Yes."

14 34917 MR. PRATTE: Why are you
15 approaching - the same question as with China - why are
16 you approaching the President of Russia, in that
17 instance, about that issue?

18 34918 What role would that person play in
19 the event that you wanted to take the concept forward,
20 ultimately, to the United Nations?

21 34919 THE RIGHT HON. BRIAN MULRONEY: If
22 the President of China, unlike, kind of, rough and
23 tough democracies like ours - if the President of
24 Russia says, "We are going to support something," you
25 don't have to have a meeting of the Public Service to

1 find out whether that's okay, it's going to happen.
2 The same thing in China. The same thing in other
3 countries, particularly in those countries that do not
4 have the same kind of sophisticated democratic
5 development that we have been privileged to have in
6 Canada, and which exists in the U.K., Australia, and so
7 on.

8 34920 I guess I could put it this way. If
9 you were interested in this kind of concept, and I am
10 confronted with this, and the President of Russia calls
11 and says, "I would like you to come over with Mila and
12 the kids for - "

13 34921 We had gotten to know him quite well.
14 He came to visit with us, and he knew Mila very well,
15 and so on. If the guy calls and says, "I'd like you to
16 come over," and you say, "Well, no, I don't think I
17 would like to meet with you, I want to meet with the
18 junior assistant deputy minister of procurement," I
19 think you would be wasting a tremendous opportunity.

20 34922 He was there with his chief of staff,
21 and so on.

22 34923 Oh, one thing that he did want to
23 talk about was that he -

24 34924 I was a member of the Board of the
25 George Herbert Walker Bush Presidential Library, and he

1 had seen that, and after he had told me, "Well, we
2 don't have the money," thinking that I was trying to
3 sell it, he told me about how he - he really loved that
4 American thing about presidential libraries, and he was
5 going to have one himself.

6 34925 I said, "Well, generally speaking,
7 not all the time, but in the past a lot of the American
8 presidents have had to die to have this kind of
9 library," and he said, "Well, I want one pretty badly,
10 but not that bad."

11 --- Laughter / Rires

12 34926 THE RIGHT HON. BRIAN MULRONEY: So he
13 was engaged in all kinds of things in that kind of
14 meeting.

15 34927 COMMISSIONER OLIPHANT: May I ask a
16 question, please?

17 34928 MR. PRATTE: Yes, sir.

18 34929 COMMISSIONER OLIPHANT: Mr. Mulroney,
19 when you conversed with Mr. Yeltsin, what language were
20 you speaking and what language was he speaking?

21 34930 THE RIGHT HON. BRIAN MULRONEY: I was
22 speaking English and he was speaking Russian.

23 34931 COMMISSIONER OLIPHANT: Did you have
24 an interpreter with you, sir?

25 34932 THE RIGHT HON. BRIAN MULRONEY: At

1 all times.

2 34933 COMMISSIONER OLIPHANT: From Canada?

3 34934 THE RIGHT HON. BRIAN MULRONEY: When

4 I was in office?

5 34935 COMMISSIONER OLIPHANT: No, when you

6 were visiting with Mr. Yeltsin at Sochi.

7 34936 THE RIGHT HON. BRIAN MULRONEY: No,

8 they brought in an interpreter from their mission in

9 Geneva.

10 34937 COMMISSIONER OLIPHANT: So it was a

11 Russian person, then.

12 34938 THE RIGHT HON. BRIAN MULRONEY: It

13 was a Russian person, who spoke both English and

14 French.

15 34939 COMMISSIONER OLIPHANT: I see.

16 34940 THE RIGHT HON. BRIAN MULRONEY: They

17 wanted to be certain that if I spoke French, that would

18 be translated as well.

19 34941 COMMISSIONER OLIPHANT: By any

20 chance, do you remember the name of that person?

21 34942 THE RIGHT HON. BRIAN MULRONEY: I'm

22 sorry, I don't, sir.

23 34943 His chief of staff was there, as

24 well, at the meetings.

25 34944 Or one of his chiefs of staff, he had

1 a number of them.

2 34945 MR. PRATTE: Thank you, Mr. Mulroney.

3 34946 Now, this trip takes place in or

4 about August, I guess, 1994.

5 34947 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 34948 MR. PRATTE: Did you conduct any

7 other activities in the pursuit of this initiative in

8 that year?

9 34949 Did you speak to anybody else?

10 34950 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 In - I think it was October, maybe. I was at a Board

12 meeting in Brussels, and had to go to Paris, and Mila

13 and I checked into the hotel, and about 20 minutes

14 later the phone rang and it was President Mitterrand,

15 who was still in office.

16 34951 Mr. PRATTE: Mr. Mulroney, perhaps I

17 could refer you - since we're in France, we'll speak

18 the language --

19 34952 THE RIGHT HON. BRIAN MULRONEY: Yes,

20 by all means. By all means.

21 34953 Mr. PRATTE: ...to Tab 75. Perhaps

22 you could take a...

23 34954 THE RIGHT HON. BRIAN MULRONEY: Yes,

24 very well. Yes.

25 34955 Mr. PRATTE: ...a minute to read the

1 first document, which appears to be a fax to Mr.

2 Bouchard, Benoît Bouchard.

3 34956 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 34957 Mr. PRATTE: Take a moment to read it.

5 I just wanted to know whether it rings any bells.

6 34958 THE RIGHT HON. BRIAN MULRONEY: Yes,

7 indeed. It's a message from my assistant, Ms. Francine

8 Colin(ph), in Montreal, who was contacting the

9 Honourable Benoît Bouchard, who was the Canadian

10 Ambassador to Paris at the time, to let him know that

11 I'd be in Paris from September 27 to 30, and there are

12 certain customary arrangements that are made, and

13 that's what Francine was doing.

14 34959 Mr. PRATTE: So, I just want to make

15 sure I understand what you said about a telephone

16 call...

17 34960 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 34961 Mr. PRATTE: ...before your trip,

19 there was a meeting scheduled with President

20 Mitterrand?

21 34962 THE RIGHT HON. BRIAN MULRONEY: No.

22 34963 Mr. PRATTE: Well then, how did the

23 meeting come about? Maybe you could just...

24 34964 THE RIGHT HON. BRIAN MULRONEY: I

25 assume that he... that President Mitterrand must have

1 been informed by the secret service that I was in town,
2 and he called me at the hotel to invite me and Mila to
3 Élysée Palace for a courtesy visit.

4 34965 Mr. PRATTE: O.K. And you accepted
5 his invitation?

6 34966 THE RIGHT HON. BRIAN MULRONEY: Yes.
7 Yes I did.

8 34967 Mr. PRATTE: O.K. And did this
9 initiative in particular come up in your discussion
10 with President Mitterrand? If so, please tell us what
11 was said, to the best of your recollection.

12 34968 THE RIGHT HON. BRIAN MULRONEY: Yes,
13 I... I mean, we went to see him, a courtesy call. He
14 was a remarkable man and someone with whom I had worked
15 closely. I had a lot of respect and affection for him,
16 and we had worked together to create the Francophone
17 Summit. Plus, France and Canada were together on almost
18 all the G7 issues, which was important to him. He had
19 not only an ally, but a French-speaking one at that,
20 the lone other country.

21 34969 Personally, I was very impressed
22 that, after De Gaulle's famous speech in Montreal in
23 1967, a day or two later François Mitterrand, who led
24 France's socialist movement at the time, held a press
25 conference to say: As for myself, I believe in a united

1 Canada, or words to that effect. He was very... he
2 supported the French fact, but within Canada. So in my
3 opinion, that's why we were able to build such
4 productive relations between France and Canada. So I
5 was... it was a pleasure to see him again.

6 34970 He twice invited us to Fort de
7 Brégançon, the president's summer residence in the
8 south of France. We went there twice on his personal
9 invitation. So, as I said, this was a fairly
10 productive relationship. So when he invited me and Mila
11 to Élysée Palace, of course we accepted.

12 34971 Mr. PRATTE: And what did you discuss
13 during your visit to Élysée Palace?

14 34972 THE RIGHT HON. BRIAN MULRONEY: A
15 whole range of subjects, from the Thyssen opportunity
16 to his thoughts on death. At the time I didn't know he
17 was dying, but he, of course, did. So it was a very
18 fruitful discussion.

19 34973 Mr. PRATTE: What did you discuss in
20 relation to Mr. Schreiber's project or your mandate?

21 34974 THE RIGHT HON. BRIAN MULRONEY:
22 Somewhat the same approach I had taken elsewhere, with
23 heads of state, and he specifically told me yes... he
24 said: I know the company very well, because it was with
25 Helmut Kohl that he, President Mitterrand, had founded

1 the Franco-German alliance. He said: I know the company
2 very well, and this is a really excellent product. He
3 added: We ourselves are trying to enter that market.
4 Yes, but I said I wasn't trying to sell vehicles within
5 the United Nations. Oh, he said, well that's another
6 story. He said he thought that was an inspired idea.

7 34975 Mr. PRATTE: Does what you've just
8 related give us the basic gist of your conversation
9 with him?

10 34976 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 He led me to believe that once the project could take
12 shape with the United Nations, he would give his
13 support.

14 34977 Mr. PRATTE: Did you bring this
15 subject up again with President Mitterrand at a later
16 date or on some other occasion?

17 34978 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 34979 Mr. PRATTE: When and where, to the
19 best of your recollection?

20 34980 THE RIGHT HON. BRIAN MULRONEY: We
21 were in Colorado Springs attending an event organized
22 by President Bush senior, moderated by Jim Lehrer of
23 The MacNeil/Lehrer Report on PBS in the United States,
24 and it was an historical overview by President Bush on
25 the key events surrounding the end of the Cold War.

- 1 34981 So there was Mrs. Thatcher,
2 Chancellor Kohl, President Bush, President Gorbachev,
3 President Mitterrand and myself, and this was an event
4 where everything was televised for posterity.
- 5 34982 So Mitterrand was there. He had
6 just... at that point, he was no longer in power. He,
7 like myself, was there as a former head of government,
8 and I had breakfast with him during our sessions and
9 took the opportunity to talk to him.
- 10 34983 Hey, he said, any progress on that
11 deal of yours? Well, I told him, it's moving ahead
12 nice and easy, not too quickly... but there's been some
13 progress.
- 14 34984 Mr. PRATTE: O.K. And what year was
15 that, Mr. Mulroney?
- 16 34985 THE RIGHT HON. BRIAN MULRONEY: That
17 was in October of '95.
- 18 34986 Mr. PRATTE: '95. And since we're
19 looking at '95, Mr. Mulroney... a little later I'll get
20 back to a meeting that took place in New York at the
21 end of '94. But in '95, apart from the discussion you
22 had with, I believe it was former President Mitterrand
23 by then, since if I'm not mistaken he was no longer in
24 power ...
- 25 34987 THE RIGHT HON. BRIAN MULRONEY: Right.

1 34988 Mr. PRATTE: ...did you have
2 discussions with other stakeholders from other
3 countries?

4 34989 THE RIGHT HON. BRIAN MULRONEY: Yes.
5 During that period, I had some long conversations, so I
6 could become more familiar with the technical side,
7 with Cap Weinberger, who had served for seven or eight
8 years as US Defence Secretary. I had conversations with
9 him, given his vast experience in this military field.

10 34990 And I had conversations with James
11 Baker, who had been Treasury Secretary, Chief of Staff
12 under President Reagan and Secretary of State for the
13 first President Bush.

14 34991 I remember the conversations with Mr.
15 Baker very well, but I can't say for sure whether I
16 talked to him about the UN acquiring such a product. I
17 did with Weinberger, but with Mr. Baker, if memory
18 serves, it was mainly his strategy... or should I say,
19 his perception of how it could work with the United
20 Nations.

21 34992 Mr. PRATTE: O.K. Let's get back for a
22 moment to your conversations with Mr. Weinberger. I
23 believe you said it was a bit more technical?

24 34993 THE RIGHT HON. BRIAN MULRONEY: Right.

25 34994 Mr. PRATTE: And do you recall Mr.

1 Weinberger's reaction to the discussions or to the
2 concept you told him about?

3 34995 THE RIGHT HON. BRIAN MULRONEY: Yes.
4 His position was... I have to tell you that there's
5 nothing worse for the US defence industry than to
6 have... than to see part of it usurped by others,
7 including the Germans.

8 34996 So he said that there would be fierce
9 opposition on the part of the US defence industry,
10 overall. So I said: Yes, but do you think we should bow
11 out? He said no. He said: What with your excellent
12 contacts with President Bush and President Clinton and
13 the others, you might be able to convince them, if you
14 get there, to support the project, since this is a UN
15 initiative.

16 34997 MR. PRATTE: I can't help but ask,
17 Mr. Mulroney, three of the four people we have talked
18 about - Presidents Yeltsin, Mitterrand, and Mr.
19 Weinberger - are not with us any more.

20 34998 Is that right?

21 34999 THE RIGHT HON. BRIAN MULRONEY: Yes,
22 they are dead, and four years ago, when I was in the
23 hospital, I almost died. If that had happened, I
24 wouldn't be here and you wouldn't have any problems.
25 There would be no inquiry.

1 35000 I should say that I was the youngest
2 head of government in the G7, by far. It just happened
3 that way.

4 35001 If President Reagan were still
5 around, he would be 99 today, and Mitterrand would be
6 in his late eighties, and so on.

7 35002 That's just the way it is. We all
8 get old, and someday we die. It happens to them, it's
9 going to happen to all of us, as well.

10 35003 MR. PRATTE: If we go back to 1994,
11 did you have occasion then to meet with Mr. Schreiber?

12 35004 I think the last time you had met him
13 was in 1993 at the Queen E.

14 35005 Is that right?

15 35006 THE RIGHT HON. BRIAN MULRONEY:
16 That's right, yes.

17 35007 MR. PRATTE: Did you then, in the
18 course of 1994, have another occasion to meet with him?

19 35008 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 I did.

21 35009 MR. PRATTE: Do you recall how that
22 came about?

23 35010 THE RIGHT HON. BRIAN MULRONEY: Yes.
24 Again, I got a telephone call from my good friend Fred
25 Doucet.

1 35011 I actually began as a good friend of
2 his brother, Gerry, and then got to know the family,
3 and this evolved with Fred a few years later.

4 35012 I got a call from Fred, who said that
5 Mr. Schreiber was going to be in New York for a
6 German-American banquet of some kind, and would be
7 happy to see me on that occasion, if I were going to be
8 in New York.

9 35013 Fred told me, as well, that he was
10 also - of course, Elmer had just gotten remarried
11 sometime before, and he was going to give a luncheon
12 for Elmer, and he would like to invite me and Fred to
13 go there.

14 35014 So it was convenient, and Fred and I
15 went down.

16 35015 MR. PRATTE: There is a document, Mr.
17 Mulroney, if you would turn - I think it's in the same
18 book that you have, and it's at Tab 76.

19 35016 I wonder if you could take a look at
20 that.

21 35017 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35018 MR. PRATTE: It appears to be a fax
23 that was sent to your assistant, whom you have
24 mentioned, Francine Collins -

25 35019 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 35020 MR. PRATTE: -- from Mr. Doucet.

2 35021 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 35022 MR. PRATTE: I wonder if you could

4 quickly flip through these documents.

5 35023 Do you recall receiving these

6 documents?

7 35024 THE RIGHT HON. BRIAN MULRONEY: Yes,

8 I do.

9 35025 MR. PRATTE: What did you understand

10 the purpose of your being given those documents to have

11 been?

12 35026 THE RIGHT HON. BRIAN MULRONEY: The

13 first is a relevant - is a message to Francine from Mr.

14 Doucet.

15 "Dear Francine,

16 Could you kindly put this into

17 Mr. Mulroney's file for our New

18 York meeting. Thanks, Fred."

19 35027 Then, part of the file document deals

20 with the Defence White Paper release and letter that

21 had taken place on December 1, a few days before. This

22 was a White Paper, a statement by the new Chrétien

23 government, of the way that they would like to approach

24 national defence issues, in whatever way different from

25 what had taken place under my administration.

1 35028 This is always an interesting
2 indication of the government mindset, and for a
3 supplier like Thyssen, it is vital for them to be aware
4 of this as time goes on.

5 35029 I think that Mr. Collenette was the
6 new Minister of Defence, and this was his work.

7 35030 I was sent this. I also got a copy
8 of the White Paper itself, and I went through it,
9 because this was just a number of relevant passages,
10 and this was given to me in preparation for the meeting
11 with Mr. Schreiber in New York, and I brought it with
12 me and dealt with it there.

13 35031 MR. PRATTE: If you look at 77, Mr.
14 Mulroney -

15 35032 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 35033 MR. PRATTE: -- do you recognize that
17 document?

18 35034 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 35035 MR. PRATTE: What is it?

20 35036 THE RIGHT HON. BRIAN MULRONEY: It is
21 my schedule for New York, and the event, which is
22 always tabbed on top, is a meeting with Mr. Karlheinz
23 Schreiber, at The Pierre Hotel, in New York, at 11
24 a.m., on December 8.

25 35037 MR. PRATTE: You may have addressed

1 this already, but just so I am clear, did you ask to
2 meet with Mr. Schreiber?

3 35038 THE RIGHT HON. BRIAN MULRONEY:
4 Never, with - and we will come to that - with the
5 exception of the meeting in Zurich, that we will get
6 into.

7 35039 MR. PRATTE: Okay. But I am talking
8 about this meeting now, the meeting in New York.

9 35040 THE RIGHT HON. BRIAN MULRONEY: No.

10 35041 MR. PRATTE: It says here that the
11 meeting was set for 11 a.m.

12 35042 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 35043 MR. PRATTE: I think The Pierre Hotel
14 is misspelled.

15 35044 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 that's right.

17 35045 MR. PRATTE: Do you go to that
18 meeting alone or with Mr. Doucet?

19 35046 THE RIGHT HON. BRIAN MULRONEY: With
20 Mr. Doucet.

21 35047 MR. PRATTE: Maybe you could just
22 describe to the Commissioner what happened, then, upon
23 your arriving at the hotel.

24 35048 THE RIGHT HON. BRIAN MULRONEY: We
25 arrived at The Pierre, which, I think, is at the corner

1 of 61st and Fifth, and we went up to - Mr. Doucet must
2 have known where, we went up to his suite. Mr.
3 Schreiber was there. Sat down. He confirmed what a
4 great event had taken place the night before, this
5 German-American Friendship Society, or whatever it was.

6 I think it was at the Metropolitan Club, which is just
7 up the street a couple of blocks. I think that's where
8 the dinner had taken place.

9 35049 Sat down. I can't remember exactly
10 how the conversation began, beyond what he said to us
11 about the great event the night before. That's the way
12 it began.

13 35050 MR. PRATTE: Can you, then, tell me,
14 as best as you can recall, how, from that beginning,
15 the rest of the discussion flowed?

16 35051 THE RIGHT HON. BRIAN MULRONEY: We
17 got into the White Paper. I gave him my opinion on
18 what I believed that to be, and any change in the
19 opportunities.

20 35052 I can't remember - I don't think he
21 had a copy of it, so I gave him, I think, my copy.

22 35053 I don't believe he had a copy of it,
23 and I gave him my copy, and drew his attention to some
24 relevant chapters in the report that I thought would be
25 of interest to him.

1 35054 Then I debriefed him fully, from A to
2 Z, on what I had tried to do, and the entire concept of
3 the United Nations, and I ended it, as it turns out -
4 we were on a sofa, Mr. Doucet is here, Mr. Schreiber is
5 there -

6 35055 MR. PRATTE: Just so the record is
7 clear, when you say "here" and "there" -

8 35056 THE RIGHT HON. BRIAN MULRONEY: Mr.
9 Doucet is sitting next to me, immediately, and Mr.
10 Schreiber is across the floor, in a chair.

11 35057 When I finished talking about the
12 United Nations and the Security Council, I said to
13 him - because that side of The Pierre leads out into
14 Central Park, really, and I kind of moved toward the
15 window - motioned toward the window and said, "When I
16 am through with this, what I would very much like to do
17 is go over to the East River here and talk to the
18 Secretary General and begin the process of seeing if he
19 would carry this forward to the Security Council for
20 me."

21 35058 That was the manner - and he said, "I
22 think that's a great idea."

23 35059 That's the way I think that
24 conversation ended. He had reminded us that he was
25 giving this private luncheon for Elmer and Sharon

1 downstairs, and that it was a surprise. I was supposed
2 to be some kind of surprise. How desirable, I'm not
3 sure, but I was supposed to be kind of like a friend of
4 Elmer's that he didn't know was there.

5 35060 At the end of that conversation,
6 knowing that he wanted to go down for the meeting, he
7 got up and left the room and went into his bedroom
8 area, and came back with an identical kind of legal
9 sized envelope, nothing particularly - nothing changed,
10 and said, in front of Mr. Doucet, words to the effect
11 that this is the third payment on your retainer. Thank
12 you very much for your good work.

13 35061 And I think then he said, "If we can,
14 let's move downstairs to greet Elmer."

15 35062 MR. PRATTE: Did you do so?

16 35063 Did you go downstairs?

17 35064 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 we went downstairs, and I think he was probably right
19 in his testimony - I had forgotten it - when he said
20 that I was having some - I don't know what he said, but
21 some kind of stomach problems that day. I wasn't
22 feeling particularly well. So I took a few minutes
23 after they - I think I stopped on the way down, in the
24 lobby, and then joined them at the 61st Street entrance
25 to The Pierre.

1 35065 That's where the - in the café bar
2 there, that's where it took place.

3 35066 We went in there, and Mr. and Mrs.
4 MacKay were there. We sat down and we had a pleasant
5 chat, and at whatever time it was, Mr. Doucet and I
6 left.

7 35067 MR. PRATTE: Let's go back upstairs
8 to the room. I forgot to ask you this question, Mr.
9 Mulroney.

10 35068 In the discussions that you had with
11 Mr. Schreiber, did you or did he address the situation
12 or the project in the Province of Quebec?

13 35069 Or, in Canada, but by that time we
14 know that he was, more or less, interested - or Thyssen
15 was, more or less, interested in Quebec.

16 35070 Did that subject arise?

17 35071 THE RIGHT HON. BRIAN MULRONEY: Not a
18 bit.

19 35072 MR. PRATTE: Just to be crystal
20 clear, when you say, "Not a bit," sir, did he say: Mr.
21 Mulroney, I am kind of interested in what you are doing
22 internationally, but you are supposed to help me in
23 Quebec, or in Canada?

24 35073 THE RIGHT HON. BRIAN MULRONEY: Not a
25 bit.

1 35074 MR. PRATTE: All right. Then, after
2 the lunch and you leave -

3 35075 Could you go back to the agenda?

4 35076 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 35077 MR. PRATTE: Do you have a
6 recollection, first of all, as to how long your meeting
7 was with Mr. Schreiber at The Pierre?

8 35078 THE RIGHT HON. BRIAN MULRONEY: It
9 was probably about 45 minutes, or an hour maybe.
10 Something like that.

11 35079 MR. PRATTE: And how long did you
12 stay at the lunch?

13 35080 THE RIGHT HON. BRIAN MULRONEY: I
14 can't remember, but it wasn't a lengthy luncheon. I am
15 going to say maybe an hour.

16 35081 MR. PRATTE: Then, you said that you
17 and Mr. Doucet left.

18 35082 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 35083 MR. PRATTE: Did you go to the
20 airport directly at that time, or what did you do?

21 35084 THE RIGHT HON. BRIAN MULRONEY: No.
22 I think -- I'm not sure exactly how we got there but I
23 know what I did, and I think that -- I believe this is
24 a reconstruction of what happened.

25 35085 We went out and Mr. Doucet went to

1 the airport on his own. I had a driver in New York who
2 was with us for many years when we were there, because
3 by this point I had many directorships down there and
4 business interests, and I asked him -- Sal was our
5 guy --

6 35086 MR. PRATTE: Just so I'm clear, there
7 is a time there. It says "03:45".

8 35087 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 35088 MR. PRATTE: "Sal will pick you up at
10 the hotel and proceed to the airport".

11 35089 Is that what you are referring to?

12 35090 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 35091 MR. PRATTE: Did you proceed to the
14 airport directly from the hotel?

15 35092 THE RIGHT HON. BRIAN MULRONEY: No.

16 I went to -- I went to the old Chemical Bank on the
17 corner of 50th and Park and deposited what I had been
18 given in a safety deposit box I held in that bank.

19 35093 MR. PRATTE: The safety deposit box,
20 was it open on that day? Did it exist before? Do you
21 have any recollection?

22 35094 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 What I recall is that what it is now -- what the bank
24 is now called, Mr. Commissioner, is JPMorgan Chase.

25 35095 When I began -- left politics, I was

1 invited to join the International Advisory Board of a
2 large bank in New York called the Chemical Bank. The
3 Chemical Bank then absorbed the Chase Manhattan and
4 that new bank subsequently absorbed JPMorgan.

5 35096 So the bank is now called JPMorgan
6 Chase.

7 35097 The Chemical Bank, when I left
8 office, had an International Advisory Council and the
9 Chairman and Chief Executive Officer of the bank called
10 me and asked me if I would serve on that Board, which I
11 did.

12 35098 And then David Rockefeller became the
13 head of the thing, of the combined banks, replaced
14 eventually by Henry Kissinger, and they ran the
15 international advisory apparatus and board.

16 35099 When I was in one of these
17 incarnations at a given point in time, it probably
18 was -- I'm sorry, I just can't tell which exact
19 timeframe it was. I would have said to the bank I am
20 going to need a safety deposit box. I am doing all
21 kinds of confidential business here in New York. I
22 don't want to lug stuff around, or some documents, a
23 few documents, and I would like you to arrange for me
24 to have a safety deposit box in the bank.

25 35100 And they said what area of town would

1 you like and I told them where and I got an advice, an
2 opinion at a given point in time that this has been
3 ready and when it is convenient just drop by and sign a
4 piece of paper on the way in and your safety deposit
5 box is there.

6 35101 MR. PRATTE: Let me ask you directly,
7 Mr. Mulroney: Did you have this safety deposit box
8 opened in the anticipation that you would be receiving
9 monies from Mr. Schreiber at the Pierre Hotel in New
10 York on December 8, 1994?

11 35102 THE RIGHT HON. BRIAN MULRONEY: No.
12 I didn't even have a clue that the meeting was going to
13 take place until Mr. Doucet called me a few days
14 before.

15 35103 MR. PRATTE: You referred to -- and
16 maybe you are not in a position to explain that -- some
17 confidential business. Was there something specific,
18 documentation that you are concerned about, that you
19 wanted to secure, if I can use that terminology, in a
20 safety deposit box?

21 35104 THE RIGHT HON. BRIAN MULRONEY: Yes.
22 I was representing some important Latin American
23 interests who are engaged in sensitive transactions in
24 New York, and we had many meetings that spilled over
25 into other meetings. There were a couple of documents

1 on an ongoing basis that I had to secure and that's --
2 and I may tell you that the reason for that was the
3 Chairman and Chief Executive Officer of the Latin
4 American client was on the board of JPMorgan Chase with
5 me.

6 35105 And it was his comment, you know,
7 look, be careful of these documents because, as you
8 know, in Latin America, while it is a great place, it
9 is not always easy to do business. Just look at
10 Mr. Chávez and that will give you an idea of what can
11 happen if the wrong information gets in the wrong
12 hands.

13 35106 So it was as a result of his
14 suggestion and my need for it that I went ahead.

15 35107 MR. PRATTE: All right. What
16 happened to the money that you then put in a safety
17 deposit box at what is now I understand the Chase
18 Manhattan Bank --

19 35108 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 35109 MR. PRATTE: -- on December 8th. Did
21 it stay in the United States?

22 35110 THE RIGHT HON. BRIAN MULRONEY: It
23 stayed in the United States.

24 35111 MR. PRATTE: I didn't ask you. What
25 was the amount in the envelope?

1 35112 THE RIGHT HON. BRIAN MULRONEY:
2 Seventy-five.

3 35113 MR. PRATTE: In what denominations?
4 35114 THE RIGHT HON. BRIAN MULRONEY: The
5 same.

6 35115 MR. PRATTE: \$1000 Canadian bills?
7 35116 THE RIGHT HON. BRIAN MULRONEY: Yes.
8 35117 MR. PRATTE: Mr. Commissioner, that
9 might be a convenient time to break. I am about to
10 move into another area.

11 35118 COMMISSIONER OLIPHANT: All right.
12 35119 It is 10 to 11:00. We will come back
13 perhaps in 15 minutes, at five after.

14 35120 MR. PRATTE: Thank you, sir.
15 --- Upon recessing at 10:52 a.m. / Suspension à 10 h 52
16 --- Upon resuming at 11:14 a.m. / Reprise à 11 h 14

17 35121 COMMISSIONER OLIPHANT: Be seated,
18 please.

19 35122 Mr. Pratte...?
20 35123 MR. PRATTE: Thank you,
21 Mr. Commissioner.

22 35124 Before we move on, Mr. Mulroney, I
23 just want to clarify something.
24 35125 This concept that you were talking
25 about with the P5 and so forth, when did that arise?

1 When did it come to your mind?

2 35126 THE RIGHT HON. BRIAN MULRONEY:

3 Weeks, I suppose, after I met with Mr. Schreiber at
4 Mirabel.

5 35127 MR. PRATTE: Okay. You said in your
6 evidence, as I understood it -- and maybe I
7 misunderstood what you said -- that after you had
8 developed that thought, you informed Mr. Doucet of that
9 idea, if I could put it that way.

10 35128 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 I informed him after Mirabel that he had retained my
12 services, and I think I spoke to him generally about
13 the concept of the UN.

14 35129 MR. PRATTE: I think you may have
15 said at some point earlier -- and maybe I got it
16 wrong -- that that report was after the meeting you had
17 with Mr. Schreiber at Harrington Lake.

18 35130 THE RIGHT HON. BRIAN MULRONEY: Oh
19 no, that would be -- if that is on the record, that
20 would be completely wrong.

21 35131 MR. PRATTE: So what is the
22 correct --

23 35132 THE RIGHT HON. BRIAN MULRONEY: After
24 Mirabel.

25 35133 MR. PRATTE: All right. Would you

1 turn now to Binder 2. Do you have that in front of
2 you? Tab 79.

3 35134 THE RIGHT HON. BRIAN MULRONEY:
4 Yes...?

5 35135 MR. PRATTE: In your testimony early
6 on yesterday you spoke about the impact of Airbus on
7 some of the events that concern this inquiry,
8 Mr. Mulroney. And we are only dealing with it here in
9 terms of the impact it had on your conduct, not to
10 review necessarily the -- well, not to review the
11 actual merit of the allegations in a sense or the
12 Airbus matter thoroughly, but we are looking at it
13 because you alluded yesterday to the fact that it had
14 some impact on your conduct.

15 35136 One thing I want to clear up just
16 right off the bat, Mr. Mulroney, when you spoke about
17 that yesterday what timeframe or what were you relating
18 the impact of Airbus on your conduct? Were you talking
19 about '93-'95 or thereafter or both?

20 35137 When you found out about the Letter
21 of Request we will be going through now --

22 35138 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 35139 MR. PRATTE: -- you said yesterday
24 that it had, I think, a searing impact on your conduct
25 and you wanted to keep it -- it made you wary of making

1 it public.

2 35140 I just want to understand what is the
3 timeframe.

4 35141 THE RIGHT HON. BRIAN MULRONEY: Well,
5 yes. Well, it had a devastating effect on me and my
6 family, and we learned how horrible it can be for
7 Canadian citizen to be caught in that kind of a web
8 when you are fighting the forces, the powerful forces
9 of your own Canadian government.

10 35142 And this lasted for about three
11 years.

12 35143 So that I, of course, knew that I had
13 an arrangement with Mr. Schreiber completely unrelated
14 to this, totally unrelated to Airbus, but that having
15 seen the devastation that they can wreak upon families,
16 I didn't want the experience that we had as a family
17 learned in Airbus to be replicated by the divulgation
18 on an unrelated matter that again would be distorted
19 the same way the first ones were.

20 35144 That's what it was about.

21 35145 MR. PRATTE: Okay. I just want to be
22 clear, though. Were you invoking it -- and we will go
23 through some of that in detail -- to explain how you
24 dealt with the transaction before Airbus happened, to
25 put the question directly?

1 35146 THE RIGHT HON. BRIAN MULRONEY: No.
2 No, just as I said.

3 35147 MR. PRATTE: Okay.

4 35148 THE RIGHT HON. BRIAN MULRONEY: Yes.
5 35149 MR. PRATTE: I will get, as I said
6 yesterday, to the why question when we get closer to
7 the end.

8 35150 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 35151 MR. PRATTE: Now, let's turn now to
10 this document, Mr. Mulroney, that is called a Letter of
11 Request, at Tab 79.

12 35152 THE RIGHT HON. BRIAN MULRONEY: Yes.
13 35153 MR. PRATTE: Can you tell me, first
14 of all, Mr. Mulroney, briefly how you found out that
15 there was a document titled, I guess, a Letter of
16 Request that had been forwarded to the Government of
17 Switzerland?

18 35154 THE RIGHT HON. BRIAN MULRONEY: Mr.
19 Schreiber.

20 35155 MR. PRATTE: And --

21 35156 THE RIGHT HON. BRIAN MULRONEY: he --
22 I'm sorry, he -- I'm sorry.

23 35157 I got a call from -- I was at a board
24 meeting in Toronto, a Horsham board meeting, and I got
25 a call from Mr. Doucet saying that Mr. Schreiber wanted

1 to talk to me on a fairly urgent basis, that he had
2 something that he wanted to share with me.

3 35158 I tried to get him from Toronto,
4 unsuccessfully, so when I come back to Montréal Mila
5 and I and the kids were about to have dinner and I said
6 to Mila I will try and get him, place this call now.

7 35159 So we were down in the family room,
8 downstairs, and I placed the call and I got
9 Mr. Schreiber and that's when he told me that this
10 document had been served upon the directors of the
11 Swiss bank, I think 24 directors, and it was becoming
12 common knowledge and he wanted to share it with me.

13 35160 MR. PRATTE: Did you have the
14 document when you are speaking with him or did he --

15 35161 THE RIGHT HON. BRIAN MULRONEY: No, I
16 not. The Canadian government sent this to Switzerland
17 in German and I was not provided the courtesy of any
18 forewarning or a copy of it, and Mr. Schreiber is the
19 one who alerted me to its existence.

20 35162 MR. PRATTE: Did you discuss the
21 contents of the document? Did he have a copy when he
22 called you?

23 35163 THE RIGHT HON. BRIAN MULRONEY: He
24 had a copy.

25 35164 MR. PRATTE: I see.

1 35165 THE RIGHT HON. BRIAN MULRONEY: He
2 was in Switzerland and he had received a copy I think
3 from his lawyers or something.

4 35166 MR. PRATTE: Okay. If you go,
5 Mr. Mulroney, to -- what we have, I guess, is now an
6 English version?

7 35167 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 35168 MR. PRATTE: Did you obtain that --
9 when did you obtain that?

10 35169 THE RIGHT HON. BRIAN MULRONEY: I
11 think we got it as a result of some discovery of a case
12 that Mr. Hladun was trying in Edmonton, I believe.

13 35170 MR. PRATTE: Okay. If you go at page
14 4 there is a title called "Summary of Facts".

15 35171 Do you see that?

16 35172 THE RIGHT HON. BRIAN MULRONEY: I'm
17 sorry, page 4.

18 35173 MR. PRATTE: Page 4, the last
19 paragraph. Well, the title at the very top is "Summary
20 of Facts".

21 35174 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35175 MR. PRATTE: You see that. I'm going
23 to take you to a few passages or parts of passages,
24 Mr. Mulroney, and ask you a few questions in relation
25 to them.

1 35176 If you go on page 4 to the last
2 paragraph --

3 35177 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 35178 MR. PRATTE: -- and four lines from
5 the bottom. It says, and I will read it to you:
6 "The RCMP has reliable
7 information that Mr. SCHREIBER
8 was given these commissions in
9 order to pay Mr. MULRONEY and
10 Mr. MOORES to ensure that Airbus
11 Industrie obtained a major
12 contract with Air Canada for the
13 planned upgrade of their
14 aircraft fleet."

15 35179 In respect of you, in any event,
16 Mr. Mulroney, was that a true statement?

17 35180 THE RIGHT HON. BRIAN MULRONEY: It
18 was a false statement, like everything else in this
19 document.

20 35181 MR. PRATTE: Page 5.

21 35182 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35183 MR. PRATTE:
23 "The RCMP has been advised that
24 Frank MOORES went to ..."

25 35184 I can't pronounce this, but it is a

1 bank:

2 "... in Zürich, Switzerland in

3 1988 or 1987 to open two bank

4 accounts numbered 34107 and

5 34117, the latter account using

6 password 'Devon'. The account

7 34117 was opened to channel a

8 portion of the funds to Mr.

9 MULRONEY:"

10 35185 Is that true or false?

11 35186 THE RIGHT HON. BRIAN MULRONEY: It is

12 completely false.

13 35187 MR. PRATTE: In the third paragraph

14 of that page, if you go to the fourth line it says:

15 "The documents ended..."

16 35188 No, sorry, let's start at the

17 beginning because it won't make sense otherwise.

18 35189 At the beginning of that paragraph,

19 quote:

20 "The RCMP has seen copies of the

21 documents used in the

22 preparation of the reports by

23 The 5th Estate and Der Spiegel

24 and believes that over 11

25 million Canadian dollars were

1 paid by Airbus Industrie to
2 IAL's account in Lichtenstein
3 then transferred to IAL's
4 account in Zurich between 1988
5 and 1991. The documents ended
6 in 1991, however the
7 confidential source believes
8 that the payments continued
9 until Mr. MULRONEY resigned from
10 office."

11 35190 Is that true or false?

12 35191 THE RIGHT HON. BRIAN MULRONEY: That
13 is completely false.

14 35192 MR. PRATTE:

15 "The agreement between IAL and
16 Airbus Industrie..."

17 35193 THE RIGHT HON. BRIAN MULRONEY: The
18 confidential source being of course Ms Stevie Cameron.

19 35194 MR. PRATTE:

20 "The agreement between IAL and
21 Airbus Industrie is believed to
22 have resulted in commissions of
23 approximately 20 million U.S.
24 dollars once all 34 aircraft had
25 been received. A confidential

1 source has told the RCMP
2 investigator that 25 percent of
3 those commissions were to pay
4 Mr. MULRONEY."

5 35195 Is that true or false?

6 35196 THE RIGHT HON. BRIAN MULRONEY: That
7 is absolutely false.

8 35197 MR. PRATTE: The last line, I guess
9 it's a new paragraph on that page:

10 "The RCMP believes that Mr.
11 SCHREIBER and Mr. MOORES
12 conspired with Mr. MULRONEY to
13 obtain secret commissions to
14 ensure that Airbus Industrie
15 received the contract from Air
16 Canada to purchase the
17 aircraft."

18 35198 True or false?

19 35199 THE RIGHT HON. BRIAN MULRONEY:
20 False.

21 35200 MR. PRATTE: If you go to the
22 penultimate paragraph of page 6, Mr. Mulroney, you will
23 see -- and I won't read those, but there are two or
24 three paragraphs that refer to the Bear Head matter.

25 35201 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 35202 I'm sorry -- oh yes. Yes.

2 35203 MR. PRATTE: Okay. And then on page
3 7, the penultimate paragraph, and there are also a
4 couple of paragraphs that refer to Eurocopter.

5 35204 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 35205 MR. PRATTE: And then if you flip
7 over, page 8 --

8 35206 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 35207 MR. PRATTE: -- to the second
10 paragraph:

11 "The above three cases..."

12 35208 I'm reading, quote:
13 "The above three cases
14 demonstrate an ongoing scheme by
15 Mr. MULRONEY, Mr. MOORES, and
16 Mr. SCHREIBER to defraud the
17 Canadian Government of millions
18 of dollars of public funds from
19 the time Mr. MULRONEY took
20 office in September, 1984 until
21 he resigned in June, 1993."

22 35209 Unquote. Is that true or false,
23 Mr. Mulroney?

24 35210 THE RIGHT HON. BRIAN MULRONEY: That
25 is completely and absolutely false.

1 35211 MR. PRATTE: After you find out this
2 information, Mr. Mulroney -- and perhaps I could take
3 you to --

4 35212 You don't have it in the same form as
5 I do, but it is P-46, Mr. Commissioner. This is the
6 additional documents filed by former Prime Minister
7 Mulroney, or on his behalf.

8 35213 THE RIGHT HON. BRIAN MULRONEY: What
9 number?

10 35214 MR. PRATTE: Tab 4.

11 35215 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 35216 MR. PRATTE: Would you go -- well,
13 first of all, did you take any steps, after finding out
14 this information from Mr. Schreiber, to try to deal
15 with these statements?

16 35217 THE RIGHT HON. BRIAN MULRONEY: Yes
17 indeed. I assembled a legal team and inasmuch as this
18 had not yet been rendered public, it was being leaked,
19 as we now know, from the RCMP to Stevie Cameron and
20 through her to the fifth estate, placing in peril my
21 reputation and the security and wellbeing of my
22 children and my family.

23 35218 But it wasn't -- it wasn't public
24 then. And so I thought that Roger Tassé -- is this the
25 point?

1 35219 MR. PRATTE: Yes.

2 35220 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 I asked --

4 35221 MR. PRATTE: Well, look at the

5 letter, Mr. Mulroney.

6 35222 THE RIGHT HON. BRIAN MULRONEY:

7 Sorry.

8 35223 MR. PRATTE: November 8th -- sorry, I

9 should have told you.

10 35224 There is a letter to the Minister of

11 Justice at Tab 4.

12 35225 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 35226 MR. PRATTE: If you go to the last

14 page, it is dated November 8, 1995.

15 35227 THE RIGHT HON. BRIAN MULRONEY:

16 November 8, 1995.

17 35228 MR. PRATTE: And if you go to the

18 last page it appears to be signed by Mr. Roger Tassé.

19 35229 THE RIGHT HON. BRIAN MULRONEY:

20 That's right.

21 35230 MR. PRATTE: This is the name you

22 just referred to.

23 35231 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 35232 MR. PRATTE: Did you retain Mr. Tassé

25 as part of the legal team you just referred to?

1 35233 THE RIGHT HON. BRIAN MULRONEY: I

2 did, yes.

3 35234 MR. PRATTE: All right. And I'm

4 going to take you to a few paragraphs of this letter in

5 a moment, but in writing to the Minister of Justice

6 what had you asked Mr. Tassé to do? Why was he doing

7 that?

8 35235 THE RIGHT HON. BRIAN MULRONEY: Well,

9 I think he was asking the Minister. He said that this

10 is a travesty of justice and I'm asking you, or the

11 Minister, to exercise your good judgment and your

12 judicial -- judicious authority and review this matter

13 because this is a travesty that is unfolding.

14 35236 It was not yet made public, but we

15 knew of the ties between the people involved to whom I

16 have referred.

17 35237 MR. PRATTE: Okay.

18 35238 THE RIGHT HON. BRIAN MULRONEY: And

19 we knew it was just hours away.

20 35239 MR. PRATTE: Mr. Mulroney, would you

21 go to the third paragraph of the first page.

22 35240 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 35241 MR. PRATTE: It says, and I will read

24 it:

25 "Mr. Mulroney obviously accepts

1 that both the RCMP and your
2 Department have the
3 responsibility, indeed the
4 obligation, to investigate
5 alleged breaches of our laws
6 and, where required, to seek the
7 assistance of foreign countries.
8 That is not the point. What is
9 not acceptable are the
10 statements made on your behalf
11 in the Request addressed to the
12 Swiss authorities."

13 35242 Unquote. Does this reflect your
14 position at the time?

15 35243 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 35244 MR. PRATTE: Then go to the next
17 page, the fourth paragraph, and it says:

18 "We emphasize that Mr.
19 Mulroney's objections do not
20 relate to the fact that the RCMP
21 is conducting an investigation,
22 nor that a Request be made to
23 the Swiss authorities for
24 assistance. Rather, his
25 objections are directed at what

1 amount to his being
2 characterized as a criminal by
3 the Canadian authorities. This
4 is a manner of proceeding that,
5 in our view, goes beyond basic
6 rules of decency and fairness
7 and constitutes a blatant breach
8 of Mr. Mulroney's fundamental
9 rights."

10 35245 Again, let me ask you the same
11 question. Did that reflect your position at the time?

12 35246 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 35247 MR. PRATTE: Then you go to the
14 penultimate paragraph, the fourth line.

15 35248 It says:

16 "Furthermore, the RCMP has been
17 informed that Mr. Mulroney is
18 prepared to cooperate with them
19 in their investigation. Indeed,
20 he is astonished that the RCMP
21 has not even chosen to meet with
22 him before making such grave
23 accusations."

24 35249 Then the very last line of the page:

25 "We are prepared to meet with

1 you at your convenience should
2 you wish to discuss the matter."

3 35250 Does that or did that at the time
4 reflect your position, Mr. Mulroney?

5 35251 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 35252 MR. PRATTE: Were you prepared then
7 to meet with the RCMP, before the letter came public?

8 35253 THE RIGHT HON. BRIAN MULRONEY: Roger
9 Tassé was the Deputy Solicitor General under
10 Mr. Trudeau and the Deputy Minister of Justice, I
11 believe when Mr. Chrétien was there. He is the
12 effective author in large part of the Charter of Rights
13 and Freedoms, a highly skilled and respected Deputy
14 Minister for many years.

15 35254 When he left office, when he retired,
16 he went to a law firm in town and we retained his
17 services as legal counsel in the constitutional files.

18 35255 I had worked with him. I had known
19 him over the years.

20 35256 And I suppose, Mr. Commissioner, the
21 instructions that I gave Roger, who was a remarkably
22 talented man: This is right out of Kafka. This is
23 nuts, what the Canadian government and the Justice
24 Department were up to. Surely somebody up there has a
25 head on his or her shoulders. Go up there and tell

1 them this: There is not a word of truth, nothing, in
2 this thing.

3 35257 I would be ready to go to Ottawa you.
4 I will need anybody that they want. I will bring my
5 bank accounts with me, statement of net worth, anything
6 they want, and I will answer any question that they
7 have about me in any area of my life.

8 35258 And why would I do such an unusual
9 thing? Because we were aware by now that this was the
10 document that the Canadian government had circulated to
11 Switzerland, and this had the capacity to destroy me,
12 my family, my father's good name and the legacy of my
13 government.

14 35259 Let me just read a concluding line in
15 this atrocity that the Canadian government sent out,
16 and which, by the way, Mr. Commissioner, they qualified
17 as an allegation.

18 35260 On page 11:
19 "This investigation is of
20 serious concern to the
21 Government of Canada as it
22 involves criminal activity on
23 the part of a former Prime
24 Minister."

25 35261 You can just imagine the impact of

1 that.

2 35262 If you, sir, or anybody, woke up in
3 Manitoba after a lifetime of public service and read an
4 eight-column headline in the Winnipeg Free Press saying
5 this thing about you, you and your wife and your family
6 would be not only devastated but you knew that you
7 would have to fight to save your reputation.

8 35263 This is what happened to me. I
9 thought that it would be important that we give the
10 government the opportunity to take a look at this
11 before it was made public with all of the damage and
12 say hey, you know, to the RCMP, who are our informants
13 in this? Who is telling us this?

14 35264 The answer would have been Stevie
15 Cameron and a convicted felon, Giorgio Pelossi.

16 35265 Somebody would have said, are you
17 guys nuts? Stevie Cameron is the biggest Mulroney
18 hater in Canada. Everybody knows that. She
19 fabricates, prevaricates and has spent a lifetime
20 consumed with hatred, ill will towards the Mulroney
21 family. Everybody knows that.

22 35266 And then Giorgio Pelossi is a
23 convicted felon.

24 35267 You mean based on this, you are
25 telling the world that the Prime Minister of Canada was

1 a criminal from the day he took office until the day he
2 left?

3 35268 What we were trying to do was to
4 preempt some of the publicity that could have such a
5 terrible effect, not only on my family but on any
6 Canadian family that this had been visited upon.
7 That's what I was trying to do.

8 35269 MR. PRATTE: How were your attempts,
9 as you describe them, received at the time?

10 35270 THE RIGHT HON. BRIAN MULRONEY: Well,
11 here you have a -- they wouldn't give us the time of
12 day.

13 35271 The former Deputy Minister of Justice
14 and Deputy Solicitor General of Canada was reduced to
15 being directed from pillar to post.

16 35272 MR. PRATTE: That is Mr. Tassé you
17 are referring to.

18 35273 THE RIGHT HON. BRIAN MULRONEY: That
19 was Mr. Tassé, being misled and delayed with no
20 response until I think he heard a couple of days later
21 from the famous Sergeant Fiegenwald, who was one of the
22 authors of this thing with Ms Kimberly Prost of the
23 Justice Department, he heard something from Sergeant
24 Fiegenwald to the effect that no, no, no, these are not
25 statements; these are just allegations. There is

1 nothing proved here.

2 35274 And anybody, Mr. Commissioner,
3 anybody in his right mind could understand that this is
4 not an accusation.

5 "This investigation is of
6 serious concern to the
7 Government of Canada as it
8 involves criminal activity on
9 the part of a former Prime
10 Minister."

11 35275 This is not serious, don't worry
12 about it. If this gets on the front page of all the
13 Canadian papers, oh, ask them to give me a call and
14 I'll tell them that it is just an allegation. I will
15 look after it.

16 35276 So with that, we realized that this
17 thing was going to hit and I was in for one hell of a
18 fight.

19 35277 COMMISSIONER OLIPHANT: Mr. Mulroney,
20 you said they wouldn't give us the time of day. I know
21 what you mean, but would you care to identify who you
22 meant with the word "they"?

23 35278 THE RIGHT HON. BRIAN MULRONEY: Yes.
24 I think there is correspondence somewhere here. I
25 know that he visited -- let me put it this way. I know

1 that he communicated with the RCMP, that he
2 communicated with the Justice Department, and he saw --
3 I haven't refreshed my memory with the file on that,
4 sir, but I know that he saw or spoke to at least two
5 inspectors in the RCMP, I think the Commissioner of the
6 RCMP, the Acting Deputy Minister of the Department of
7 Justice.

8 35279 And there may have been a
9 communication with the Minister of Justice.

10 35280 And in all cases we were turned down
11 and they really told us to get lost. They were going
12 ahead with this travesty, as Paul Martin once said,
13 come hell or high water, and indeed they did.

14 35281 MR. PRATTE: I might be of
15 assistance, Mr. Commissioner and Mr. Mulroney.

16 35282 If you go to Tab 5 there is a
17 response from --

18 35283 COMMISSIONER OLIPHANT: Are you at
19 P-46?

20 35284 MR. PRATTE: Yes. The same volume we
21 were at, Mr. Commissioner. I apologize. The
22 Additional Documents.

23 35285 You will see that there is a response
24 from a lawyer at the Criminal Section of the Justice
25 Department responding to Mr. Tassé's letter.

1 35286 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 35287 MR. PRATTE: The first line of which

3 is saying the Minister of Justice has been directed --

4 the correspondence has been directed to me for my

5 reply.

6 35288 And then just following that there is

7 another letter to Sergeant Fraser Fiegenwald that

8 Mr. Mulroney referred to, November 16th, and a reply

9 the next day from Sergeant Fiegenwald to Mr. Tassé.

10 35289 If you go to page 2 of the Sergeant

11 Fiegenwald letter -- Mr. Mulroney, we are in Tab 7 --

12 it says, Mr. Commissioner -- it is in response to

13 Mr. Tassé's earlier letter and it is by Sergeant

14 Fiegenwald.

15 35290 Just so that I'm clear, who was

16 Sergeant Fiegenwald, Mr. Mulroney? What role did he

17 play in this matter?

18 35291 THE RIGHT HON. BRIAN MULRONEY: He

19 was the -- as I gather, he was the fellow who was

20 assigned to -- what we now know of course is that they

21 were told there was nothing there, and they were told

22 by the Commissioner to go to Toronto and see Ms Stevie

23 Cameron and to examine some of the files that she had

24 volunteered on the radio.

25 35292 They went down there and they got

1 files from her. She had information from the fifth
2 estate where she used to work, a close friend of
3 Mr. Harvey Cashore of the fifth estate.

4 35293 Sergeant Fiegenwald and one of his
5 colleagues got together with them.

6 35294 She fed them the false information
7 and they went back and said Eureka, we have a case and
8 it is sustained by this felon and this is how it
9 happened.

10 35295 MR. PRATTE: There is a -- sorry,
11 Mr. Mulroney.

12 35296 THE RIGHT HON. BRIAN MULRONEY: And
13 if I may, just to -- I have read you some of the things
14 that are so destructive of one's reputation and family.

15 35297 And then Mr. Tassé gets this from
16 Sergeant Fiegenwald:

17 "We are sensitive to your
18 client's need to protect his
19 reputation and the ramifications
20 any negative public attention
21 may have on his career. We
22 assure you that this
23 investigation will be conducted
24 with the utmost discretion."

25 35298 This is now in the hands, by the time

1 he wrote that, of most of the international media who
2 are checking these things out pretty soon, and
3 Ms Cameron is writing me letters saying I understand.
4 I have learned from sources that Mr. Tassé visited with
5 so and so, and I have learned that your name is
6 mentioned in a Letter of Request to Switzerland.

7 35299 Can you confirm that you are
8 identified in this?

9 35300 I think she had a bit of an advantage
10 on me. I didn't know at the time that Ms Cameron had
11 accepted to become a secret police informant for the
12 RCMP. Garbage in/garbage out was the style.

13 35301 But I can assure you, sir, it was
14 extremely reassuring to learn that Sergeant Fiegenwald
15 gave me the assurance that this investigation will be
16 conducted with the utmost discretion.

17 35302 When he wrote that, it was just ready
18 to explode around the world and some of the information
19 had been funnelled to his friends, and I just named a
20 couple of them.

21 35303 MR. PRATTE: All right. So,
22 Mr. Mulroney, after these responses then, what action
23 did you take?

24 35304 THE RIGHT HON. BRIAN MULRONEY: Well,
25 confronted with this thing, we knew full well it was

1 just a matter of time. Everybody had access to it by
2 this time and we knew it was going to hit, hit like a
3 ton of bricks. So I said to hell with this, I want you
4 guys to initiate a preemptive action. I am going to
5 sue the Government of Canada and the RCMP, and I am
6 going to establish clearly that this thing is a
7 criminal hoax; that there is no evidence whatsoever to
8 sustain anything that they have said.

9 35305 And my legal team went ahead, filed
10 the Statement of Claim. The Government of Canada hired
11 nine lawyers to stall this matter as long as they
12 could, and finally we got access to a court date and
13 the night before we got a call saying we want to
14 settle.

15 35306 MR. PRATTE: Before you launched the
16 action, Mr. Mulroney, perhaps I could just direct your
17 attention to Tab 8.

18 35307 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 35308 Mr. PRATTE: It's in French, Mr.
20 Mulroney.

21 35309 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35310 Mr. PRATTE: It's dated... it's
23 stenographic notes, it appears, from a press
24 conference.

25 35311 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 35312 Mr. PARENT: It's entitled: "Press
2 conference by counsel for Brian Mulroney."

3 35313 THE RIGHT HON. BRIAN MULRONEY: M'hmm.

4 35314 Mr. PRATTE: Was there a press
5 conference back then, on November 19, '95? Can you
6 simply describe what took place?

7 35315 THE RIGHT HON. BRIAN MULRONEY: Yes.
8 Quite simply, we knew at that point that this event was
9 going to be leaked, by the police or others, to the
10 newspapers, and I had told my lawyers that as soon as
11 it came out somewhere in the world, they had to hold a
12 press conference in which they were to openly denounce
13 the government and the RCMP and indicate that we
14 already had a libel suit seeking damages from the
15 government, the RCMP, Sergeant Fiegenwald and his
16 colleagues.

17 35316 I think it was the morning of
18 November 18 or 19, just days after the very reassuring
19 letter from the RCMP, from Sergeant Fiegenwald, that we
20 were warned that *Der Spiegel* was concocting all this,
21 and that in Canada, *The Financial Post* was publishing
22 something the following morning. It was already
23 published.

24 35317 Indeed, what happened was... it
25 related all the charges by the RCMP. My lawyers held a

1 press conference, the verbatim text of which
2 constitutes the official record.

3 35318 Mr. PRATTE: Were you present at the
4 press conference, Mr. Mulroney?

5 35319 THE RIGHT HON. BRIAN MULRONEY: No.

6 35320 Mr. PRATTE: Did you watch it?

7 35321 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 of course.

9 35322 Mr. PRATTE: I'd just like to ask you
10 a few questions, since some of the remarks, including
11 those by counsel Yarosky, were the subject of previous
12 testimony taken from this press conference.

13 35323 If I could draw your attention to
14 page one, where the moderator, in the second paragraph,
15 says the following... It starts with: "His lawyers..."

16 35324 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 35325 Mr. PRATTE: Right. O.K., so I'll read
18 the sentence. It says (TRANSLATION):

19 "His lawyers will deny any
20 involvement by the former Prime
21 Minister in an alleged kickback
22 scheme involving the sale of
23 some 30 Airbus planes to Air
24 Canada in 1988."

25 35326 And if you turn to the next page, in

1 the first paragraph, counsel Yarosky is talking. I
2 imagine it was in English, but it's been translated,
3 because part of the time he was speaking English and
4 the rest of the time French. He said (TRANSLATION):

5 "We need only review..."

6 35327 Are you with me, Mr. Mulroney?

7 35328 THE RIGHT HON. BRIAN MULRONEY: Yes, I
8 am.

9 35329 Mr. PRATTE: O.K.

10 "We need only review what's
11 taken place in this case these
12 past few weeks. It's very
13 simple, the facts are clear; the
14 Government of Canada, and it's
15 indicated on its stationery, on
16 its letterhead, wrote to another
17 government, in this case the
18 Swiss government, and said:
19 (TRANSLATION) "We believe that
20 Mr. Mulroney was involved in a
21 criminal plot to accept money in
22 return for influencing the
23 decision by Air Canada to
24 purchase planes from Airbus.""

25 35330 Please turn to paragraph three

1 (TRANSLATION) :

2 "These assertions were made,
3 first of all, with no proof, and
4 second of all in the knowledge
5 that Air Canada's executives
6 have repeatedly, and publicly,
7 stated that Mr. Mulroney had
8 absolutely nothing to do with
9 the decision by Air Canada to
10 purchase Airbus planes, and
11 third of all, without giving Mr.
12 Mulroney any opportunity
13 whatsoever to refute these
14 allegations."

15 35331 Did Mr. Yarosky's remarks reflect
16 your thinking or the way in which you saw things at the
17 time?

18 35332 THE RIGHT HON. BRIAN MULRONEY: To a
19 T.

20 35333 Mr. PRATTE: How is it that there's a
21 reference, and I don't think there are any elsewhere,
22 that it was only during the press conference that
23 Airbus was mentioned?

24 35334 THE RIGHT HON. BRIAN MULRONEY:
25 Because fundamentally, Mr. Commissioner, this business

1 had to do with... there were a few names mentioned in
2 other files, but it had to do with Airbus because there
3 was talk that I had received a kickback, primarily and
4 almost exclusively in relation to the sale of the
5 Airbus aircraft, and this was the money hidden in a
6 Swiss bank account.

7 35335 It became... it was called, from that
8 point on, the Airbus affair. If you look in the
9 archives, you'll see that right from the start, that's
10 what it was, and it still is. It's referred to today as
11 the Airbus case or affair, just as they talked back in
12 Sir John A. Macdonald's day of the CPR Scandal or of
13 the sponsorships scandal in Quebec, and so on and so
14 forth, except that, in this case, it was completely
15 false, completely fabricated, and there was no proof of
16 any sort in this matter.

17 35336 So when Mr. Yarosky spoke of the
18 Airbus affair, he was indeed talking about all these
19 dealings between the RCMP, the informers and the
20 reporters involved in this business, who were trying to
21 destroy my reputation, my family, my children and
22 myself. That was the aim of these falsehoods. It's
23 called the Airbus affair.

24 35337 Mr. PRATTE: And of all the
25 allegations in the letter of request, some dealing with

1 the Airbus affair, others not as elaborate, Eurocopter
2 and Bear Head, which in your opinion were the most
3 slanderous, if I may, the most serious?

4 35338 THE RIGHT HON. BRIAN MULRONEY: I
5 think there's... I don't have it in front of me, but
6 off the top of my head, I think there was a claim - not
7 an assumption, not some innocuous comment - but a
8 direct claim that from the day I was sworn in as Prime
9 Minister, on September 17, 1984, until the day I left
10 office, on June 25, 1993, I was a criminal.

11 35339 At the time I became Prime Minister,
12 I was around 45 years old. I had lived my entire life
13 without the slightest accusation of any kind. I was and
14 remain a man of integrity, and the same goes for my
15 family.

16 35340 And so there I am being told, and the
17 world is told, without any proof, without anyone
18 consulting me first, without giving me or my family the
19 chance to offer an explanation or at least informing me
20 about what this all involved, I find myself accused of
21 being a criminal. And there were grave consequences. It
22 was absolutely horrible.

23 35341 Mr. PRATTE: Just to finish up with
24 the transcript, sir...

25 35342 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 35343 Mr. PRATTE: At the bottom of page 2,
2 there's another remark by Mr. Yarosky, whom I like to
3 quote. He says... and I quote:

4 "When this was discovered... »

5 35344 And he talks about the fact that Mr.
6 Tassé's overture was rejected.

7 (TRANSLATION) "When this was
8 discovered, Mr. Mulroney asked
9 Mr. Tassé to contact the
10 authorities, to protest against
11 their conduct, to offer his full
12 cooperation and, what's more, to
13 offer to sit down with these
14 people, answer their questions
15 and give his account of what had
16 actually transpired. But they
17 weren't interested, and
18 refused."

19 35345 Is this what you were referring to
20 earlier when we were talking about Mr. Tassé's letters
21 and the overtures made? Is it accurate, does it jibe
22 with your take on things?

23 35346 THE RIGHT HON. BRIAN MULRONEY: Indeed
24 it does.

25 35347 Mr. PRATTE: O.K. Mr. Yarosky goes on

1 to say (TRANSLATION):

2 "Normally, in our system of
3 criminal law, it's the police
4 that chases after subjects of
5 investigations, not the other
6 way around. This time, it is Mr.
7 Mulroney who is chasing after
8 them, so they can hear him out,
9 but they won't give him the time
10 of day."

11 35348 And lastly (TRANSLATION):

12 "Mr. Mulroney is categorical in
13 stating that he had absolutely
14 nothing to do with this decision
15 by Air Canada to purchase from
16 Airbus. He didn't receive
17 anything, not so much as a dime,
18 from anyone. And he had
19 absolutely no involvement in any
20 plot."

21 35349 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35350 Mr. PRATTE: Is this accurate?

23 35351 THE RIGHT HON. BRIAN MULRONEY: Yes it
24 is.

25 35352 MR. PRATTE: Could I just have a

1 moment, Mr. Commissioner?

2 --- Pause

3 35353 MR. PRATTE: Mr. Mulroney, it is
4 self-evident that this is not easy for you, so I am
5 just going to ask you if you feel that it is
6 appropriate to describe in any greater detail the
7 impact on your family and if you don't feel like that,
8 that will be fine.

9 35354 THE RIGHT HON. BRIAN MULRONEY: Well,
10 you would think that this kind of thing would be
11 limited to the parents, the incredible impact on us,
12 Mila and me, but --

13 35355 COMMISSIONER OLIPHANT: Mr. Pratte --
14 I understand how difficult this is for you, Mr.
15 Mulroney. Let me just say I think I have a pretty good
16 understanding of the impact that the letter of request
17 had not only on you but Ms Mulroney and your children.
18 I think I understand.

19 35356 THE RIGHT HON. BRIAN MULRONEY:
20 Commissioner, Nicholas was 10 years old and he would --
21 merci.

22 35357 MR. PRATTE: I wonder, Mr.
23 Commissioner, if we might break for lunch.

24 35358 COMMISSIONER OLIPHANT: Yes.

25 35359 MR. PRATTE: If you want to come back

1 earlier or whatever suits you, Mr. Commissioner.

2 35360 COMMISSIONER OLIPHANT: Are you
3 suggesting that you would prefer to start earlier when
4 you say that?

5 35361 MR. PRATTE: Not really, I misspoke
6 but we are in your hands, obviously.

7 35362 COMMISSIONER OLIPHANT: No. No, no,
8 no. No, look, you have been hard at work for the
9 morning. Mr. Mulroney has been on the stand since
10 9:30, with a break. What would you like?

11 35363 MR. PRATTE: I think maybe 2:00 today
12 would be appropriate, Mr. Commissioner.

13 35364 COMMISSIONER OLIPHANT: All right.
14 We will break until 2:00 this afternoon.

15 35365 MR. PRATTE: Thank you.

16 35366 THE REGISTRAR: All rise. Veuillez
17 vous lever.

18 --- Upon recessing at 11:58 a.m. / Suspension à 11 h 58
19 --- Upon resuming at 2:00 p.m. / Reprise à 14 h 00

20 35367 COMMISSIONER OLIPHANT: Counsel, be
21 seated, please.

22 35368 Mr. Pratte...?

23 35369 MR. PRATTE: Good afternoon,
24 Mr. Mulroney.

25 35370 THE RIGHT HON. BRIAN MULRONEY: Good

1 afternoon.

2 35371 MR. PRATTE: I am now going to move
3 into an area of questioning having to do with the
4 examination before plea in the context of the lawsuit
5 which you mentioned in the Airbus matter.

6 35372 You have in front of you the
7 transcript of that examination. I think there are two
8 volumes, but the one I'm going to be referring to,
9 Mr. Mulroney, is dated April -- 17 avril '96.

10 35373 THE RIGHT HON. BRIAN MULRONEY: Oui.

11 35374 MR. PRATTE: Would you turn first to
12 page 80.

13 35375 COMMISSIONER OLIPHANT: Which page?

14 35376 MR. PRATTE: Eighty, 8-0.

15 35377 COMMISSIONER OLIPHANT: I'm sorry,
16 Mr. Pratte, but the transcript that I have jumps from
17 page 75 to 81.

18 35378 MR. PRATTE: Oh? I wonder if we have
19 an administrative issue. I thought everyone would
20 expect to have a full transcript.

21 35379 Could you give us a moment,
22 Mr. Commissioner, and we will sort that out.

23 35380 COMMISSIONER OLIPHANT: Oh sure. Of
24 course.

25 35381 Do you have a page 80 there,

1 Mr. Mulroney?

2 35382 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 I do, Commissioner.

4 35383 COMMISSIONER OLIPHANT: Okay.

5 35384 MR. WOLSON: It is the pagination
6 that I think is the problem.

7 35385 COMMISSIONER OLIPHANT: Oh, I see.
8 Just a minute, I see. It's not page 80 of 182 at the
9 very bottom. It is page 80 higher up?

10 35386 MR. PRATTE: Yes. I don't have it.
11 I guess I don't have precisely the same version of the
12 transcript, but you should have -- let's do it this
13 way, Mr. Commissioner.

14 35387 Question 229 is the last question?

15 35388 COMMISSIONER OLIPHANT: Yes.

16 35389 MR. PRATTE: I'm looking at the
17 number. I don't know if you have a rectangle box there
18 but there is a page --

19 35390 COMMISSIONER OLIPHANT: No, I don't.
20 Yes, I do.

21 35391 MR. PRATTE: Okay.

22 35392 COMMISSIONER OLIPHANT: And then at
23 the very bottom of the page I have 76 of 182. That is
24 what caused the confusion.

25 35393 MR. PRATTE: Okay. I am going to be

1 referring throughout, then, simply to the --

2 35394 COMMISSIONER OLIPHANT: To the number

3 within the rectangle?

4 35395 MR. PRATTE: Correct.

5 35396 COMMISSIONER OLIPHANT: That's fine.

6 35397 MR. PRATTE: Okay.

7 35398 COMMISSIONER OLIPHANT: Okay, I have

8 it now.

9 35399 This is an exhibit, is it?

10 35400 MR. PRATTE: Well, not -- I don't

11 know if it needs to be marked. I don't think it was

12 marked as such, but perhaps we should mark it.

13 35401 COMMISSIONER OLIPHANT: Mr.

14 Wolson...?

15 35402 MR. WOLSON: We marked early on in

16 the proceedings "B" for identification.

17 35403 COMMISSIONER OLIPHANT: Yes.

18 35404 MR. WOLSON: It should go into the

19 cause, I believe, and it could be the next exhibit in

20 the cause.

21 35405 COMMISSIONER OLIPHANT: All right.

22 35406 Is there anyone at the counsel table

23 who objects to the transcript going in?

24 35407 Mr. Vickery...?

25 35408 MR. VICKERY: No objection, thank

1 you.

2 35409 COMMISSIONER OLIPHANT: Mr.

3 Houston...?

4 35410 MR. HOUSTON: No, sir. Thank you.

5 35411 COMMISSIONER OLIPHANT: All right.

6 35412 Mr. Auger...?

7 35413 MR. AUGER: No objection.

8 35414 COMMISSIONER OLIPHANT: All right.

9 35415 The transcript, then, for the

10 examination on discovery, I think you call it in

11 Québec, from the 17th of April 1996, will be received

12 and marked as Exhibit P-48.

13 EXHIBIT NO. P-48: Transcript of

14 Brian Mulroney's Examination on

15 Discovery dated April 17, 1996

16 35416 MR. PRATTE: Thank you,

17 Mr. Commissioner.

18 35417 So let me start over, Mr. Mulroney.

19 35418 Are you then at page 80, as I assume

20 everyone else is, of the transcript?

21 35419 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35420 MR. PRATTE: And just before I ask

23 you specific questions about various questions you were

24 asked and answers you gave, I would like to ask you a

25 few questions of context, if I can put it that way.

1 35421 From your point of view,
2 Mr. Mulroney, what were the issues or what were the
3 facts at issue in the lawsuit which then gave rise to
4 this examination?

5 35422 THE RIGHT HON. BRIAN MULRONEY: Well,
6 it was a Letter of Request that had been sent by the
7 Government of Canada and the RCMP to Switzerland. It
8 was the dealing with the Airbus matter almost entirely
9 and that it occurred while I was Prime Minister of
10 Canada.

11 35423 MR. PRATTE: Okay. And from your
12 perspective, in terms of I guess I could call it the
13 legal context of this -- we have loosely referred to it
14 as an examination on discovery for discovery, but it is
15 an examination before a plea in Québec.

16 35424 What did you understand, as the
17 plaintiff in this action, that to involve?

18 35425 THE RIGHT HON. BRIAN MULRONEY: Well,
19 the examination before plea in Québec is, as I
20 understand it, different from the examination on
21 discovery in common law provinces. One can avail
22 himself -- a defendant can avail himself of this
23 procedure uniquely in Québec and request and obtain the
24 permission to examine a plaintiff prior to the
25 production of the defence.

1 35426 But to obtain that privilege and
2 avail yourself of that procedure you have to limit your
3 interrogation exclusively to the areas contained in the
4 Statement of Claim.

5 35427 So given that, I was informed that
6 the manner in which we would proceed, that this would
7 be exclusively limited to those areas, namely the ones
8 I mentioned, Airbus and the matters contained in the
9 statement; not to respond to any questions beyond that,
10 not to volunteer any information beyond that and to
11 answer questions truthfully, which of course is normal
12 for anything in the courts.

13 35428 MR. PRATTE: All right. Let's then
14 look at some of the questions and answers that you were
15 asked and that you gave, Mr. Mulroney.

16 35429 Let's start again, as I said, at page
17 80.

18 35430 Mr. Commissioner, just so that you
19 and the parties know, I will with the witness look at
20 some of these at some length simply for the purpose of
21 having the full context.

22 35431 Now, Mr. Mulroney, if you look just
23 before question 229 at page 80 -- I don't think we need
24 to read those, but you see at 227 you are asked about
25 when you found out about the Letter of Request which we

1 discussed this morning.

2 35432 Do you see that?

3 35433 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 35434 MR. PRATTE: And then if you go to
5 229, you explain how you found out about that and you
6 say:

7 35435 Answer:

8 "I was left a telephone number.
9 I was able to place one (1)
10 telephone call after the board
11 meeting, unsuccessfully. I then
12 returned to Montreal, and when I
13 came in at home, I said to...
14 before we could have dinner, I
15 said to Mila, 'Mr. Schreiber has
16 been calling me and asking me if
17 I would call him at this number,
18 I'll... let me try and get a
19 hold of him before we have
20 dinner, because it's already
21 quite late there'. And I called
22 him."

23 35436 Then you say:

24 "And that's when I heard for the
25 first time the horror of what

1 had been inflicted on me."
2 35437 Question:
3 "So, I take it you knew who Mr.
4 Karl-heinz Schreiber was when
5 you received the message?"
6 35438 Answer:
7 "Yes, I did."
8 35439 Question:
9 "You know him?"
10 35440 Answer:
11 "I know him, yes."
12 35441 So now I will read the question 232,
13 Mr. Mulroney, and then perhaps you could read your
14 answer and we will proceed as if I am Mr. Sheppard and
15 you are who you are.
16 35442 So at question 232 you are asked, and
17 you will see -- what we will do, so you know, is I will
18 go right to question 235 and then I will ask you a
19 question.
20 "Can you describe your
21 relationship with him?"
22 35443 May I have your answer, Mr. Mulroney?
23 35444 THE RIGHT HON. BRIAN MULRONEY: Would
24 you like me to...?
25 35445 MR. PRATTE: Yes, please.

1 35446

THE RIGHT HON. BRIAN MULRONEY:

2 35447

Answer:

3 "He... it was a businessman from
4 Germany who moved, apparently,
5 to Alberta, where he was
6 involved in business and I was
7 introduced to him, I... believe,
8 although I have no specific
9 recollection of this, that it
10 must have been in the beginning
11 of the early eighties (80's).
12 He was a successful business
13 person in Alberta, and I was
14 president of the Iron Ore
15 Company of Canada, and I would
16 have been introduced to him
17 in... in, I believe, a business
18 context. Although I did know
19 that he was a very strong
20 supporter of the Government, of
21 Premier Peter Lougheed, whom I
22 admired a great deal. That was
23 my knowledge of him at the
24 time."

25 35448

MR. PRATTE: Question:

1 "You were introduced to him in
2 Alberta or in Québec?"

3 35449 THE RIGHT HON. BRIAN MULRONEY:

4 Answer:

5 "I... I don't remember."

6 35450 MR. PRATTE: Question:

7 "Okay. And you don't remember
8 in what connection?"

9 35451 THE RIGHT HON. BRIAN MULRONEY:

10 Answer:

11 "I don't remember in what
12 connection because three (3)
13 years later or... three (3)
14 years later, at about that time,
15 I ran for the Leadership of the
16 Conservative Party. I then
17 became leader of the opposition
18 and Prime Minister, all in rapid
19 succession.

20 And, as you know, you encounter
21 all kinds of people in those
22 activities. I cannot be more
23 specific than that, although I
24 certainly am sure that I met him
25 in the years prior to nineteen

1 eighty-four (1984)."

2 35452 MR. PRATTE: All right, stopping
3 there.

4 35453 Up to 1985, Mr. Mulroney, is that an
5 accurate description of your relationship with
6 Mr. Schreiber?

7 35454 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 35455 MR. PRATTE: Then let's go on then.
9 I'm going to ask you the question:

10 "Okay. Can you describe your
11 relationship with him after?"

12 35456 THE RIGHT HON. BRIAN MULRONEY: I
13 assume that was after 1984, after I had become Prime
14 Minister.

15 35457 MR. PRATTE: All right. So then go
16 on.

17 35458 THE RIGHT HON. BRIAN MULRONEY: So
18 the answer is:

19 "Mr. Schreiber was a businessman
20 who seemed to be interested
21 in... in economic development in
22 Canada, and in one project in
23 particular. I... I tended to
24 associate him with one project
25 in particular, and it's the one

1 that's become known as the
2 'Tissen(sic) Project'.
3 He had a project which dealt
4 with Canadian Exports. He
5 believed - and he was quite
6 knowledgeable about the capacity
7 and the need for Canada to
8 export.
9 He had a project which called
10 for the building of vehicles
11 that would be either sold to the
12 NATO armies or eventually, as
13 time went on, a new vehicle that
14 would be sold to the United
15 Nations Peacekeepers.
16 This project, when it first came
17 to my attention, was to have
18 been built in Cape Breton. When
19 I was first elected to the House
20 of Commons, I was elected from
21 Central Nova in Nova Scotia, and
22 I had been educated in... in
23 that area as well. I'd gone to
24 college there. I was well
25 familiar with the area and

1 unemployment rates that ranged
2 as high as fifty percent (50%).
3 And so a project that would
4 create, say, a thousand (1,000)
5 jobs and bring new technology,
6 it's always attractive to the
7 Government of Canada. And so I
8 tended to associate him with
9 that specific project on
10 which..."

11 35459 MR. PRATTE: Question:

12 "That's what you call the
13 'Tissen(sic) Project'?"

14 35460 THE RIGHT HON. BRIAN MULRONEY:

15 Answer:

16 "That's what I call the
17 'Tissen(sic) Project'."

18 35461 MR. PRATTE: Question:

19 "Why? What... what does that
20 name mean?"

21 35462 THE RIGHT HON. BRIAN MULRONEY:

22 Answer:

23 "Because the name... the name
24 Tissen(sic), in Canada, was a...
25 a German employer that had

1 already purchased... as I
2 understood it, Tissen(sic) had
3 made investments in Canada and
4 at that time had approximately
5 three thousand (3,000) employees
6 in other areas of endeavour.
7 Mr. Schreiber's principal
8 interest, to the extent that I
9 was aware of one, was the idea
10 of persuading the Government of
11 Canada and Provincial government
12 to locate in an area of high
13 unemployment an industry that
14 would create high technology
15 vehicles for sale initially to
16 NATO military forces...
17 But eventually, in the ninety...
18 in the early nineteen nineties
19 (1990s), when we dispatched our
20 troops to Yugoslavia - because
21 Canada was one of the first
22 countries to do so and you'll
23 remember there were great
24 difficulties about the safety of
25 our... of our troops - and the

1 idea was then that perhaps this
2 new vehicle that had been
3 devised by Tissen(sic) could be
4 built at that time in the east
5 end of Montreal.
6 So the concept throughout was a
7 vehicle which was... which had a
8 high job creation component, a
9 high technology that required
10 infrastructure funds by either
11 Provincial or Federal
12 Governments, and that's what he
13 was interested in."
14 35463 MR. PRATTE: Question:
15 "He was promoting it on behalf
16 of Tissen(sic) or...?"
17 35464 THE RIGHT HON. BRIAN MULRONEY:
18 Answer:
19 "I believe so."
20 35465 MR. PRATTE: Question:
21 "And can you go on to describe
22 your relationship over the
23 years?"
24 35466 THE RIGHT HON. BRIAN MULRONEY: Yes.
25 And I am speaking about when I was in office.

1 35467 MR. PRATTE: Well, we will continue
2 just -- Mr. Mulroney, just so you know, we will
3 continue in this vein answering to question 252.
4 35468 If you could just go that way, we
5 will just do -- and I will ask you a question then.
6 35469 Question 252 asks you:
7 "Did you maintain contact with
8 Mr. Schreiber after you ceased
9 being Prime Minister?"
10 "Up until that time I was simply
11 ..."
12 35470 Do it the way we have been doing it,
13 okay?
14 35471 THE RIGHT HON. BRIAN MULRONEY: All
15 right.
16 35472 MR. PRATTE: All right.
17 35473 So question 239 now.
18 35474 That is page 84, Mr. Commissioner.
19 35475 THE RIGHT HON. BRIAN MULRONEY: Yes.
20 35476 MR. PRATTE: Question:
21 "And can you go on to describe
22 your relationship over the
23 years?"
24 35477 Answer...?
25 35478 THE RIGHT HON. BRIAN MULRONEY:

1 "Well, it was a... he lived...
2 he lived in Germany and he
3 visited Canada... as I could
4 see, he visited Canada
5 infrequently. He went to
6 Alberta, I think, from time to
7 time to Ottawa, to... as I say,
8 work on this particular project.
9 He was... I came to know him
10 as a... and the people in
11 Alberta who had been his
12 partners described him as a... a
13 hard working, diligent,
14 successful business person who
15 was very interested in this
16 particular project and worked
17 very hard to try and secure its
18 realization.
19 I can tell you that I... I
20 suppose it's the same thing
21 today, any serious multinational
22 company comes to see the Prime
23 Minister or the Minister of
24 Industry and says, 'I can create
25 a thousand (1,000) jobs in the

1 east end of Montreal or in Cape
2 Breton', you can bet your bottom
3 dollar there is going to be
4 interest in that.
5 So Mr. Schreiber was also, as a
6 German Canadian, he was
7 extremely well informed...
8 extremely well informed on
9 questions such as German
10 reunification which was
11 beginning in the... after
12 nineteen eighty-nine (1989) to
13 acquire a degree of importance.
14 And on the infrequent occasions
15 when I would see him on
16 business, when he was promoting
17 the Tissen(sic) Project, he
18 would raise this German
19 reunification issue and speak
20 very knowledgeably about it."
21 35479 MR. PRATTE: Can I just stop you
22 there, Mr. Mulroney.
23 35480 When you say infrequent occasions I
24 would see him on business, what period of time are you
25 referring to?

1 35481 THE RIGHT HON. BRIAN MULRONEY: I
2 think the context there is -- I think that's while I
3 was in office.

4 35482 MR. PRATTE: Okay.

5 35483 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 35484 MR. PRATTE: Let's go on.

7 35485 THE RIGHT HON. BRIAN MULRONEY: I'm
8 sorry, where did I drop off there?

9 35486 MR. PRATTE: Page 85 at the very
10 bottom, the last two lines.

11 "And on the infrequent
12 occasions..."

13 35487 THE RIGHT HON. BRIAN MULRONEY: Yes.
14 And I read that he would raise the German --

15 35488 MR. PRATTE:
16 "He would raise the German
17 reunification issue..."

18 35489 THE RIGHT HON. BRIAN MULRONEY:
19 "... and speak very
20 knowledgeably about it.
21 It was something that interested
22 me a great deal, as a question
23 of Canadian foreign policy, and
24 as you may remember, ultimately,
25 when Chancellor Kohl reported to

1 the... to the Commission of the
2 Bundestag on the... the
3 achievements of the... of the
4 realization... of the
5 unification, he particularly
6 thanked the United States,
7 Russia and Canada for our
8 contributions to that objective.
9 And so I was... I was of course
10 impressed by anyone with good
11 knowledge... a good knowledge
12 base and the capacity to
13 articulate it. My
14 association... he was interested
15 in that, he was interested in
16 Canadian exports, and the
17 project I associated with him
18 was this one that I've described
19 to you."

20 35490 MR. PRATTE: Question:

21 "Did you visit with him at any
22 of his homes in Europe and
23 Canada?"

24 35491 THE RIGHT HON. BRIAN MULRONEY:

25 Answer:

1

"No."

2 35492

MR. PRATTE: Question:

3

"When you met him, where would
the meetings take place?"

4

5 35493

THE RIGHT HON. BRIAN MULRONEY:

6

Answer:

7

"In my office in Ottawa. There
may have been... he may have
been at a fund-raising dinner or
he may have shown up in other
circumstances. I... I mean I
can't swear to that, but I have
vivid recollections of a few
meetings on this project in..."

8

9

10

11

12

13

14

15 35494

MR. PRATTE: Question:

16

"The Tissen(sic) Project?"

17 35495

THE RIGHT HON. BRIAN MULRONEY:

18

Answer:

19

"Yes, sir. In my office in
Ottawa with senior public
servants."

20

21

22 35496

MR. PRATTE: Question:

23

"Was he a political
contributor?"

24

25 35497

THE RIGHT HON. BRIAN MULRONEY:

1 Answer:

2 "I have no idea."

3 35498 MR. PRATTE: And, Mr. Commissioner, I
4 am going to skip the next question. It goes into the
5 German reunification issue again and I'm not sure that
6 it adds much.

7 35499 Question 245:

8 "And he was known to you as a
9 friend of Franz Josef Strauss?"

10 35500 THE RIGHT HON. BRIAN MULRONEY:

11 Answer:

12 "He was not known to me as that,
13 but I subsequently read that he
14 was known to Mr. Strauss. I did
15 not know Mr. Strauss myself, nor
16 did I know any of his family."

17 35501 MR. PRATTE: Question:

18 "You talk about Schreiber's
19 family?"

20 35502 THE RIGHT HON. BRIAN MULRONEY:

21 Answer:

22 "Strauss' family... This is
23 Strauss like in the waltz."

24 35503 MR. PRATTE: Question:

25 "The Tissen(sic) Project came to

1 not(sic) a number of years ago.

2 Is that correct?"

3 35504 Obviously misspelled,

4 Mr. Commissioner, N-A-U-G-H-T.

5 35505 THE RIGHT HON. BRIAN MULRONEY:

6 Answer:

7 "Well, the..."

8 35506 MR. PRATTE: Go ahead, sir.

9 35507 THE RIGHT HON. BRIAN MULRONEY:

10 "... I indicated to you that it
11 tended to graduate, but the
12 original project in Cape Breton
13 was unsuccessful. This
14 document, even the R.C.M.P.
15 acknowledged in their document
16 that when the costs were
17 reported to be in excess of a
18 hundred million dollars
19 (\$100,000,000) in
20 infrastructure, I cancelled the
21 project."

22 35508 MR. PRATTE: Are you at 248 there? I
23 lost you.

24 35509 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 I just finished 247.

1 35510 MR. PRATTE: All right.
2 "M'hm."
3 35511 THE RIGHT HON. BRIAN MULRONEY:
4 Answer:
5 "The Cape Breton Project of
6 Tissen(sic) that Mr. Schreiber
7 was promoting failed because I
8 cancelled it. My Government
9 cancelled it."
10 35512 MR. PRATTE: Question:
11 "Yes."
12 35513 THE RIGHT HON. BRIAN MULRONEY:
13 Answer:
14 "Put it that way. That's more
15 accurate. My Government
16 cancelled it. This is according
17 to... this same document.
18 Subsequently, Mr... Mr.
19 Schreiber, a determined,
20 resolved guy, I can remember
21 meeting with him. By this time,
22 it is now, say, nineteen
23 ninety-one (1991) or nineteen
24 ninety-two (1992).
25 And at this point in time the

1 Tissen(sic) Project had evolved
2 into one where vehicles would be
3 made for the United Nations
4 Peacekeeping Forces around the
5 world to protect our
6 Peacekeepers.
7 The United Nations had issued a
8 report saying the vehicles were
9 no longer safe to protect
10 Canadians and others from
11 snipers. And he had what
12 appeared to be a perfect vehicle
13 that could do this.

14 And so I met with him, and
15 Mr. Paul Tellier, who was the
16 clerk of the Privy Council and
17 the Secretary of the Cabinet, I
18 met with him in his presence.
19 We listened to him. I asked Mr.
20 Tellier to refer this matter to
21 the Defence Department.

22 There was a subsequent
23 meeting with the Department of
24 National Defence in the presence
25 of the Deputy Minister. I

1 believe Mr. Fowler, who is now
2 our ambassador to the United
3 Nations, Mr. Tellier and I and
4 Mr. Schreiber, he made his case
5 and... and left.

6 Sometime later, the
7 Department of National Defence
8 decided in favour of another
9 company in Ontario to supply
10 that project. I believe it was
11 in London, Ontario, and he was
12 turned down again, and he kept
13 working at the project. He
14 didn't quit. He kept working at
15 it in...(1992),...(1993), and so
16 on."

17 35514

MR. PRATTE: Question:

18 "All these meetings were... that
19 you described were with him,
20 were representatives of Tissen
21 (sic) in attendance?"

22 35515

THE RIGHT HON. BRIAN MULRONEY:

23

"No. He was there."

24 35516

MR. PRATTE: "He was..."

25 35517

THE RIGHT HON. BRIAN MULRONEY:

1 "There may have been somebody
2 else, but he was... I can't...
3 you know, there was Mr. Tellier
4 and I and Mr. Schreiber and
5 perhaps a secretary in his
6 company or something."

7 35518 MR. PRATTE: All right. Now, Mr.
8 Mulroney, up to the time, then, that you were asked the
9 question that just follows, which I will review in a
10 second with you -- "Did you maintain contact with Mr.
11 Schreiber after you ceased being Prime Minister" -- up
12 until that time, what we have reviewed, does that
13 describe your relationship with Mr. Schreiber while you
14 were Prime Minister accurately?

15 35519 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 35520 MR. PRATTE: Let's move then to
17 Question 252:

18 "Did you maintain contact with
19 Mr. Schreiber after you ceased
20 being Prime Minister?"

21 35521 THE RIGHT HON. BRIAN MULRONEY:

22 "Well, from time to time, not
23 very often. When he was going
24 through Montreal, he would give
25 me a call. We would have a cup

1 of coffee, I think, once or
2 twice. And he told me that he
3 continued to work on his
4 project, that he was pushing a
5 new government.

6 35522 And he told me that the idea of the
7 project at that point was the same project, but the
8 desirability at the time was to work with the
9 Provincial Government of Quebec and the Federal
10 Government, the new Federal Government, to establish
11 this new project in the east end of Montreal where the
12 jobs were badly required. And he told me that he had
13 hired Marc Lalonde to represent his interests before
14 the new Liberal government. And the Honourable
15 Lalonde... I wasn't..."

16 35523 MR. PRATTE: "Of Stikeman Elliott?"

17 35524 THE RIGHT HON. BRIAN MULRONEY:

18 35525 "Pardon me?"

19 35526 MR. PRATTE: "Of Stikeman Elliott?"

20 35527 THE RIGHT HON. BRIAN MULRONEY:

21 "Of Stikeman Elliott. I wasn't
22 really surprised because the
23 word in Ottawa is that Mr.
24 Schreiber and Mr. Lalonde had
25 had a... had had a long

1 relationship in the past. And
2 so he also expressed the dismay
3 with me that my Government had
4 not agreed or could not
5 include..."

6 35528 -- "include", it should be
7 "conclude", I think --
8 "...the contract that he liked.
9 So he... he said that he had
10 hired Mr. Lalonde and he hoped
11 that this would give rise to...
12 to an agreement."

13 35529 MR. PRATTE:
14 "When he passes through Montreal
15 and visits you, is it at your
16 office or at your home?"

17 35530 THE RIGHT HON. BRIAN MULRONEY:
18 "Well, he doesn't pass through
19 Montreal and visit me. He
20 comes... when he's on his way
21 to Montreal, he called me and
22 asked me and I say perhaps once
23 or twice, if I could come to a
24 cup... have a cup of coffee with
25 him at a hotel. I think I had

1 one in the Queen Elizabeth Hotel
2 with him."
3 35531 MR. PRATTE:
4 "Oh. So it's at his..."
5 35532 THE RIGHT HON. BRIAN MULRONEY:
6 "I had one in the..."
7 35533 MR. PRATTE:
8 "Yeah."
9 35534 THE RIGHT HON. BRIAN MULRONEY:
10 "... in the... in the... the
11 coffee bar of the Queen
12 Elizabeth Hotel."
13 35535 MR. PRATTE: Okay, let me just stop
14 you there, Mr. Mulroney. The question we started with,
15 at page 90, 252, if you go back to it, was:
16 "Did you maintain contact with
17 Mr. Schreiber after you ceased
18 being Prime Minister?"
19 35536 THE RIGHT HON. BRIAN MULRONEY: Yeah,
20 "Did you maintain contact with Mr. Schreiber," and I
21 gave my answer.
22 35537 MR. PRATTE: And was it accurate?
23 35538 THE RIGHT HON. BRIAN MULRONEY:
24 Fully.
25 35539 MR. PRATTE: Then, at 258, where we

1 just left off, it says:

2 "Did you know during those years
3 of any other business interests
4 that Mr. Schreiber might have
5 had in Canada besides the Tissen
6 (sic) project?"

7 35540 THE RIGHT HON. BRIAN MULRONEY:

8 "No, I did not."

9 35541 MR. PRATTE: In what years are you
10 understanding this to be referring to?

11 35542 THE RIGHT HON. BRIAN MULRONEY: In
12 the years of the context of the question.

13 35543 MR. PRATTE: Which is 252 -- Question
14 252?

15 35544 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 35545 MR. PRATTE: Okay. Now, let's skip
17 ahead to page 170, and I am going to start, Mr.
18 Mulroney --

19 35546 It is page 170, within the box, Mr.
20 Commissioner, just to make sure.

21 35547 It is Question 427:

22 "Apart from the communications
23 that took place by telephone
24 between Schreiber and yourself
25 in November of...(1995), have

1 you had further contacts with
2 him in the last few months?"
3 35548 THE RIGHT HON. BRIAN MULRONEY:
4 "Sure."
5 35549 MR. PRATTE: And then Mr. Tremblay
6 intervenes and he says --
7 35550 Was Mr. Tremblay one of your lawyers,
8 Mr. Mulroney?
9 35551 THE RIGHT HON. BRIAN MULRONEY: Yes.
10 35552 MR. PRATTE:
11 "You asked that question this
12 morning."
13 35553 THE RIGHT HON. BRIAN MULRONEY:
14 "Yes, I..."
15 35554 MR. PRATTE: Question:
16 "And you got the answer."
17 35555 THE RIGHT HON. BRIAN MULRONEY:
18 "I said, 'Yes'."
19 35556 MR. PRATTE: Mr. Sheppard says,
20 "I don't remember asking that
21 but you may be right."
22 35557 Mr. Tremblay then says,
23 "Of course, and the... the Queen
24 Elizabeth meeting..."
25 35558 Go on...

1 35559

THE RIGHT HON. BRIAN MULRONEY:

2

"But also I got... I told you, I

3

got the document, the only...

4

the document from... from Mr.

5

Schreiber, that the Canadian

6

Government refused to give me; I

7

got it on the...(20th) of

8

March...(1995)."

9 35560

MR. PRATTE: Let's skip to 432,

10 because it's an exchange between -- not directly

11 relevant, I don't think.

12 35561

But then Mr. Sheppard says, at

13 Question 432:

14

"But the... so I... perhaps I

15

misunderstood. When you talked

16

about having coffee with Mr.

17

Schreiber at the Queen

18

Elizabeth, it was in the period

19

subsequent to

20

November...(1995)?"

21 35562

THE RIGHT HON. BRIAN MULRONEY:

22

"No. No, it was after I left

23

office in...(1993), and that's

24

when he told me, as I indicated

25

to you, that... that he was

1 dismayed that my Government had
2 not allowed him to proceed with
3 his desire to build this Tissen
4 (sic) Project.

5 And that's when he told me
6 that he had hired Marc Lalonde
7 to represent him, because he
8 figured that Mr. Lalonde could
9 prevail upon Mr. Chrétien and
10 the Government to have this done
11 in the East end of Montreal.
12 Which, by the way, had they been
13 able to do it, I... I... I
14 thought it was a good project,
15 and so I wouldn't have been
16 critical of anything.

17 He told me he had hired Mr.
18 Lalonde to do that, he told me
19 he was contemplating legal
20 action against my Government,
21 that he had hired a prominent
22 law firm in Ottawa, I think Ian
23 Scott's law firm, a very
24 distinguished lawyer, to take
25 action against the... the

1 bureaucrats in my Government
2 who, he alleged, had frustrated
3 the fact that he was never able
4 to get a deal through. This
5 deal."
6 35563 MR. PRATTE: And you have one more
7 line.
8 35564 THE RIGHT HON. BRIAN MULRONEY: Oh.
9 "That was the kind of
10 conversation we had."
11 35565 MR. PRATTE:
12 "M'hm."
13 35566 THE RIGHT HON. BRIAN MULRONEY:
14 "He expressed the hope that Mr.
15 Lalonde would be successful in
16 persuading the new Liberal
17 Government to agree to
18 conditions that would enable him
19 to proceed with the project.
20 That was it."
21 35567 MR. PRATTE:
22 "But... so I understood you
23 well, this morning. Have you
24 had meetings with him, since
25 November..."

1 35568 THE RIGHT HON. BRIAN MULRONEY:
2 "No."
3 35569 MR. PRATTE:
4 "...of...(1995)?
5 I am moving on to another
6 subject."
7 35570 Mr. Mulroney, when you were asked in
8 that section about the meetings you had referred to
9 earlier in the discovery, or the meeting at the Queen
10 Elizabeth Hotel, at Question 432, page 171, Mr.
11 Sheppard -- if you are there, at 432, at the third line
12 of his question he says: "...it was in the period
13 subsequent to November...(1995)?"
14 35571 And then you correct him in the way
15 we have just described.
16 35572 THE RIGHT HON. BRIAN MULRONEY: Yes.
17 35573 MR. PRATTE: What you describe later
18 on, until he interrupts you again at 433, does it
19 accurately depict the kind of contact that you had with
20 Mr. Schreiber thereafter?
21 35574 THE RIGHT HON. BRIAN MULRONEY: Yes.
22 35575 MR. PRATTE: Let's go back now to
23 page 114. I am at the bottom of page 114, line 22.
24 35576 Mr. Sheppard says:
25 "I am not referring to

1 November... (2nd), I am referring
2 to the subsequent calls which
3 Mr. Mulroney described to us
4 this morning.

5 Q. Did you, in the course of
6 these conversations in November,
7 discuss with Mr. Schreiber
8 whether or not he had been paid,
9 he or his companies had been
10 paid commissions by Airbus?"

11 35577 Answer?

12 35578 THE RIGHT HON. BRIAN MULRONEY:

13 "I never knew... first, prior to
14 this, I had never heard, I never
15 knew and I do not know to this
16 day what arrangements, if any,
17 had been made by Mr. Schreiber
18 or anyone else in respect of any
19 commercial transaction."

20 35579 MR. PRATTE: Let me stop you there.

21 What period of time, when you answered this way, do you
22 have in mind?

23 35580 THE RIGHT HON. BRIAN MULRONEY: Well,
24 it's in the Airbus period.

25 35581 MR. PRATTE: Then the question is:

1 "No, but when you speak to Mr.
2 Schreiber after
3 November... (3rd)..."
4 35582 THE RIGHT HON. BRIAN MULRONEY:
5 "Yes."
6 35583 MR. PRATTE:
7 "...you have the translation
8 prepared by Blum & Partner..."
9 35584 THE RIGHT HON. BRIAN MULRONEY:
10 "Yes."
11 35585 MR. PRATTE:
12 "...of a good part of the
13 Canadian request."
14 35586 THE RIGHT HON. BRIAN MULRONEY:
15 "As best we could."
16 35587 MR. PRATTE:
17 "Yeah. And you have an idea, at
18 that stage, of what the Canadian
19 Government is alleging?"
20 35588 THE RIGHT HON. BRIAN MULRONEY:
21 "Yes."
22 35589 MR. PRATTE:
23 "And it concerns you, but it
24 also concerns some other
25 individuals, one of whom is

1 Schreiber?"

2 35590 THE RIGHT HON. BRIAN MULRONEY:

3 "M'hm. M'hm."

4 35591 MR. PRATTE: Question 324:

5 "And the Canadian Government

6 alleges that very substantial

7 sums were paid to Mr. Schreiber

8 by Airbus Industries, and you

9 didn't discuss with Mr.

10 Schreiber whether it was true or

11 not?"

12 35592 THE RIGHT HON. BRIAN MULRONEY:

13 "Mr. Sheppard, the document

14 said, among other things, this,

15 'This investigation is of

16 serious concern to the

17 Government of Canada, as it

18 involves criminal activity on

19 the part of a former Prime

20 Minister'. This is not an

21 allegation, this is a statement

22 of fact where the Government of

23 Canada is judge, jury and

24 executioner.

25 And what preoccupied me,

1 inasmuch as I had never heard of
2 the Airbus matter in my life,
3 what preoccupied me were the
4 extraordinary falsehoods and
5 injustices as they involve me.
6 And I wondered with my family
7 and my friends, quite frankly,
8 how in the name of God could
9 this come about? How could this
10 happen in Canada? How can
11 something like this actually
12 take place?

13 And the fact that Mr.
14 Schreiber may or may not have
15 had any business dealings was
16 not my principal... my principal
17 preoccupation. I had never had
18 any dealings with him."

19 35593 MR. PRATTE: What are you referring
20 to when you make that statement,
21 "I had never had any dealings with him,"

22 35594 Mr. Mulroney?

23 35595 THE RIGHT HON. BRIAN MULRONEY:
24 Precisely the context in which I was being interrogated
25 by the government's lawyers, Airbus. Fully Airbus.

1 35596 MR. PRATTE: Did you take -- or
2 threaten any litigation over the reports of these words
3 in newspapers thereafter?

4 35597 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 I did. I threatened the Globe and Mail and I
6 threatened the National Post, both of which had made
7 major errors in regard to this transcript.

8 35598 MR. PRATTE: Could you take the
9 volume of documents marked P-46 and go to Tab 14?

10 35599 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 35600 MR. PRATTE: We have there an excerpt
12 from a Globe and Mail correction, I guess, dated
13 November 21, 2003.

14 35601 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 35602 MR. PRATTE: Could you read that, Mr.
16 Mulroney?

17 35603 You should have a relatively short
18 statement.

19 35604 THE RIGHT HON. BRIAN MULRONEY: This
20 is from --

21 35605 MR. PRATTE: The Globe and Mail.

22 35606 THE RIGHT HON. BRIAN MULRONEY: --
23 the Globe and Mail, yes.

24 35607 MR. PRATTE: Could you read the part
25 under the rubric "Body"?

1 35608 THE RIGHT HON. BRIAN MULRONEY: Yes.
2 "In a column in yesterday's
3 Comment pages, former prime
4 minister Brian Mulroney was
5 quoted as saying in 1996 that,
6 `I had never any dealings with
7 him.' It was a reference to
8 businessman Karlheinz Schreiber
9 from whom Mr. Mulroney received
10 a payment for consultant's work
11 after stepping down as prime
12 minister.
13 The quote should have read,
14 `I had never had any dealings
15 with him.' The oversight in
16 leaving out the second 'had' in
17 the sentence changed the context
18 and made it appear that Mr.
19 Mulroney was making a misleading
20 statement.
21 The full testimony from
22 which the quote was taken made
23 it clear that Mr. Mulroney
24 wasn't trying to deny that after
25 leaving office he had dealings

1 with Mr. Schreiber. The Globe
2 and Mail regrets the error."
3 35609 MR. PRATTE: Then, would you go,
4 lastly, to Tab 23.
5 35610 THE RIGHT HON. BRIAN MULRONEY: Yes.
6 35611 MR. PRATTE: Do you have there an
7 excerpt from a newspaper?
8 35612 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 35613 MR. PRATTE: In fact, you will see,
10 if you flip over, because it has been blown up --
11 35614 THE RIGHT HON. BRIAN MULRONEY: Yes.
12 35615 MR. PRATTE: You will see that it's
13 an excerpt from the editorial page of the National Post
14 in March 2007.
15 35616 THE RIGHT HON. BRIAN MULRONEY: Yes.
16 35617 MR. PRATTE: Going back to the first
17 page, Mr. Mulroney, could you read that text?
18 35618 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 It's an editorial in the National Post, and it reads,
20 on the top, in big letters, "Brian Mulroney", and then:
21 "In the column 'Don't Ignore
22 this Scandal' by Warren Kinsella
23 (Feb. 1), some of the testimony
24 of former prime minister Brian
25 Mulroney in his libel action

1 against the government of Canada
2 in 1996 was quoted. The column
3 did not set the full context of
4 a quote from the transcript
5 where Mr. Mulroney said he had
6 not had any dealings with
7 Karlheinz Schreiber. The column
8 did not report that Mr. Mulroney
9 was answering a question about
10 the purchase by the federal
11 government of the Airbus product
12 and stated that he had no
13 dealings with Mr. Schreiber in
14 that context. Elsewhere in the
15 examination, Mr. Mulroney
16 testified about conversations
17 and meetings he had with
18 Schreiber after Mr. Mulroney was
19 out of the prime minister's
20 office.

21 The National Post sincerely
22 regrets any false impression it
23 created about the testimony of
24 Mr. Mulroney and apologizes to
25 him for any embarrassment or

1 concern it has caused."

2 35619 MR. PRATTE: Thank you.

3 35620 Having reviewed these various
4 passages, Mr. Mulroney, what do you say to the
5 suggestion that has been made, in particular by Mr.
6 Kaplan, when he was here and in his book, that while
7 your answers were accurate legally, or strictly
8 speaking, as a former Prime Minister you may have
9 had -- or, in his view, you do have an obligation to
10 volunteer the information -- or the nature of your
11 commercial relationship with Mr. Schreiber after you
12 left office?

13 35621 THE RIGHT HON. BRIAN MULRONEY: The
14 fact of the matter is, as the evidence adduced today, I
15 think, indicates, we tried to volunteer. I instructed
16 Roger Tassé to go to Ottawa to meet with the Ministry
17 of Justice and to meet with the RCMP and to volunteer
18 that I would come to Ottawa, with all of the documents,
19 and they could interrogate me on anything they wished.
20 They turned us down cold, and proceeded, as we know
21 now, in a very hostile and aggressive and extremely
22 costly manner for the taxpayers of Canada.

23 35622 So we tried to volunteer,
24 unsuccessfully.

25 35623 Moreover, as Mr. Kaplan properly

1 points out, never -- as he commented, never once, in
2 the hundreds of questions asked by those nine lawyers
3 hired by the Government of Canada to present a case
4 against me, not one of them ever asked at any time the
5 key question.

6 35624 And, moreover, this was not in any
7 way related to the allegations of my lawsuit.

8 35625 So my own judgment of it is that we
9 had responded to all of the requirements, that I had
10 been more than forthcoming, and --

11 35626 Look, Mr. Commissioner, this
12 morning -- not yesterday morning or ten years ago, this
13 morning, in a major Canadian daily, I am being
14 reproached by a political columnist for misleading the
15 Court in respect of this particular thing. The
16 columnist says that I said that I have never had a
17 relationship with Mr. Schreiber, the same thing that we
18 have been dealing with -- the myth we have been dealing
19 with for 15 years -- this morning in a column.

20 35627 And he suggests, I think, to you that
21 you should reprimand me very severely for this.

22 35628 This is what we are up against. This
23 is what we are up against.

24 35629 I won't comment on Mr. Kaplan's
25 theory of responsibility for judges and prime ministers

1 and governors general and chief justices of the Supreme
2 Court, or whatever. All I can do is, if he says that I
3 didn't volunteer -- we tried to volunteer in the most
4 fulsome and thoughtful way, and we got thrown out by
5 the justice department and the RCMP.

6 35630 MR. PRATTE: Following the
7 Examination for Discovery, Mr. Mulroney -- and I think
8 you may have alluded to this perhaps yesterday -- the
9 litigation proceeded to the eve of trial.

10 35631 Is that correct?

11 35632 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 35633 MR. PRATTE: What happened?

13 35634 Did the trial happen in the end?

14 35635 THE RIGHT HON. BRIAN MULRONEY: No,
15 the night before, or a few nights before, we got word
16 that the Government of Canada and the RCMP wanted to
17 collapse their case on the courthouse steps and settle,
18 and I said, "Over my dead body. The only thing that
19 they are going to settle with is not an apology, not
20 any money -- "

21 35636 I didn't want any money from the
22 Canadian taxpayers.

23 "-- I want an acknowledgement
24 that they do not have, nor have
25 they ever had, any information

1 of any kind to justify what they
2 wrote about me."

3 35637 And I said,
4 "If they don't sign, they will
5 be introduced to the beauties
6 and the challenges of the
7 Montreal courthouse on the 6th
8 of January."

9 35638 They signed on the dotted line. Why?
10 Because, as you know -- we all know now, Mr.
11 Commissioner, it was a hoax, a hoax perpetrated by
12 Pelossi and Ms Cameron and the fifth estate, and all of
13 these people who rushed to judgment with such
14 implacable hostility that it's difficult to understand.
15 It blinded them to the facts.

16 35639 Because they wanted so much to
17 conduct a successful vendetta against me, it blinded
18 them to what was obvious for anybody who was taking a
19 look at it.

20 35640 MR. PRATTE: Just to close that loop,
21 Mr. Mulroney, and identify a document before I move on,
22 could you go to Tab 81 in Volume 2 of 3 of the big
23 binders.

24 35641 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 35642 MR. PRATTE: I want you to identify a

1 document at Tab 81.

2 35643 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 It's the Settlement Agreement.

4 35644 MR. PRATTE: That's the document that
5 you were referring to?

6 35645 THE RIGHT HON. BRIAN MULRONEY:
7 That's precisely it.

8 35646 And here it is right here, No. 4 --
9 part of it, it's quite a document:

10 "Based on the evidence received
11 to date, the RCMP acknowledges
12 that any conclusions of
13 wrongdoing by the former Prime
14 Minister were - and are -
15 unjustified."

16 35647 MR. PRATTE: Would you also read, Mr.
17 Mulroney, No. 6.

18 35648 THE RIGHT HON. BRIAN MULRONEY:
19 "The parties have always
20 acknowledged that the RCMP must
21 continue investigating any
22 allegations of illegality or
23 wrongdoing brought to its
24 attention."

25 35649 MR. PRATTE: Ultimately, did this

1 investigation conclude?

2 35650 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 the full -- this was in 1997. It went on -- the RCMP
4 conducted their investigation, Mr. Commissioner,
5 pursuant to this, for another seven years, I believe.

6 35651 MR. PRATTE: Let me take you, Mr.
7 Mulroney, to Tab 99 in the same binder.

8 35652 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 35653 MR. PRATTE: There is no need to read
10 it, I just want you to identify this document.

11 35654 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 this is a letter I received from the Commissioner of
13 the RCMP on April 17th, 2003.

14 35655 MR. PRATTE: And what did you
15 understand this letter to do?

16 35656 THE RIGHT HON. BRIAN MULRONEY: The
17 Commissioner concluded by saying:

18 "On April 22, 2003, the RCMP
19 will announce that after an
20 exhaustive investigation in
21 Canada and abroad, the remaining
22 investigation into the 1995
23 allegations of wrongdoing
24 involving MBB Helicopters,
25 Thyssen and Airbus has concluded

1 that the outstanding allegations
2 cannot be substantiated, and
3 that no charges will be laid,
4 beyond the charge of fraud
5 [which is unrelated] which is
6 already before the courts.
7 Sincerely...the Commissioner."

8 35657 So here I am -- 1995 -- what was
9 that, eight years later? Eight years later, having
10 spent millions of dollars, countless days and months of
11 my wife's and my children's intense discomfort and
12 concern, and I am informed by the Commissioner of the
13 RCMP that, notwithstanding the best efforts of the
14 police informants and Ms Cameron and the fifth estate,
15 and the crowd of them: Hey, by the way, there was
16 never anything there in the first place. Sorry to have
17 put you through this. We regret the inconvenience, but
18 we just want to write and let you know that, hey, we're
19 still friends. Let's just forget this. We are going
20 to turn the page. You never did anything wrong, and we
21 are sorry that we said you did.

22 35658 MR. PRATTE: Mr. Mulroney, during the
23 period of time after 1995, in the next few years when
24 this litigation was going on, did you keep contact with
25 Mr. Schreiber?

1 35659 THE RIGHT HON. BRIAN MULRONEY: In
2 `95?

3 35660 MR. PRATTE: Yes, `95 and thereafter,
4 because you explained that he called you.

5 35661 THE RIGHT HON. BRIAN MULRONEY: He is
6 the one who -- the truth of the matter is, without him
7 calling me, I would not have known until, obviously,
8 later about this. He was in Switzerland and --

9 35662 They didn't even know, these great
10 investigators, that under Swiss law, if you send that
11 kind of thing, it has to be distributed, automatically,
12 to all members of the board of the bank. The thing was
13 floating around Switzerland and selling like hotcakes,
14 and we were getting assurances from the dutiful
15 Sergeant Fiegenwald, "Don't worry, everything is being
16 done with enormous discretion."

17 35663 MR. PRATTE: To understand your
18 evidence, Mr. Mulroney, did you keep in contact with
19 Mr. Schreiber in the years following --

20 35664 THE RIGHT HON. BRIAN MULRONEY:
21 Throughout.

22 35665 MR. PRATTE: Okay. And did you come
23 to see him at some point later in the 1990s?

24 35666 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 I did.

1 35667 MR. PRATTE: And how did that come
2 about?

3 35668 THE RIGHT HON. BRIAN MULRONEY: That
4 came about because in 1998 -- 1998, I think -- I had
5 been retained by the World Gold Council for a major
6 project, and in the course of this, one of the things I
7 had to do was to visit with the governors of all of the
8 major central banks of Europe and the world.

9 35669 So I had scheduled some meetings
10 whereby I would begin, I think in Switzerland on that
11 leg and visit with the Governor of the Central Bank of
12 Switzerland, then Bundesbank, then the Bank of Italy,
13 Bank of France, and so on. I was going to do that.

14 35670 And inasmuch as I was going to be in
15 Switzerland, in Zürich, for the first time in years, I
16 had -- I think my office called Mr. Schreiber and
17 invited him to lunch.

18 35671 I had not seen him face to face since
19 he left Canada. We had worked together. He was in
20 regular communication with me, as was I during the time
21 that this Airbus matter was going down because he, too,
22 was falsely charged in that, inasmuch as it applied to
23 me.

24 35672 So we had remained on good terms in
25 our communications, helped along, I may say, by his,

1 Mr. Schreiber's excellent attorney out in Edmonton,
2 Mr. Hladun, who would keep me informed and provided
3 translations for documents in German, and so on.

4 35673 So yes, I called him -- or had
5 someone call him and ask him if he was interested in
6 having lunch.

7 35674 MR. PRATTE: Let's go to Tab 82,
8 Mr. Mulroney.

9 35675 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 35676 MR. PRATTE: There is some
11 information that is blanked out as being confidential,
12 but it should be entitled, if we are in the same page,
13 "Schedule for the Right Honourable Brian Mulroney,
14 January 30-February 6, 1998".

15 35677 Do you see that at the very top?

16 35678 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 35679 MR. PRATTE: There is a reference at
18 the bottom, well, at the bottom and at the top, to
19 "Klosters". Do you see that?

20 35680 THE RIGHT HON. BRIAN MULRONEY: "Trip
21 to Klosters".

22 35681 MR. PRATTE: Klosters.

23 35682 THE RIGHT HON. BRIAN MULRONEY: "Trip
24 to Frankfurt", "Trip to Rome".

25 35683 I guess that was the first leg of the

1 trip.

2 35684 MR. PRATTE: Okay. And then you go
3 to February 2nd. You leave on the 30th but the next
4 thing down is February 2nd.

5 35685 THE RIGHT HON. BRIAN MULRONEY: Yes.
6 I went to Klosters, the residence of Peter Munk, and
7 Peter and I went to the Davos conference for a day, I
8 think, for some business and I overnighted in the
9 Klosters and then I went down to Zürich, on my way from
10 Zürich to either Frankfurt or Rome.

11 35686 MR. PRATTE: Did you travel alone?

12 35687 THE RIGHT HON. BRIAN MULRONEY: No.
13 I travelled with Paul Terrien, who was my former speech
14 writer and was then freelancing in Ottawa. And he had
15 been a very congenial travelling partner for me when I
16 did many of my Washington Speaking Bureau trips around
17 the world, and he would travel with me and help me out
18 a great deal. And so he was along.

19 35688 I particularly needed him on that one
20 because I had come down with what the doctors told me
21 was a frozen shoulder, and I was in pretty bad shape.
22 So Paul helped me in a number of ways, so I was able to
23 function fairly effectively.

24 35689 MR. PRATTE: Did Mr. Terrien
25 accompany you to Klosters?

1 35690 THE RIGHT HON. BRIAN MULRONEY: No.
2 He stayed in Zürich. I came back down and I met him in
3 Zürich.
4 35691 MR. PRATTE: And where were you --
5 where was -- where did you meet him in Zürich?
6 35692 THE RIGHT HON. BRIAN MULRONEY: I
7 think we were staying at the Savoy in Zürich, yes.
8 35693 MR. PRATTE: Okay. If you look
9 actually at Tab 5.
10 35694 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 35695 MR. PRATTE: At the very bottom it
12 says "MBM will arrive the Savoy Hotel".
13 35696 THE RIGHT HON. BRIAN MULRONEY: Yes.
14 35697 MR. PRATTE: And there is a note
15 then:
16 "Paul will meet you upon arrival
17 and will take care of your
18 luggage."
19 35698 Paul referred to is whom?
20 35699 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 that refers to my briefcase which I couldn't carry at
22 all because of my problem.
23 35700 MR. PRATTE: But Paul, is that --
24 35701 THE RIGHT HON. BRIAN MULRONEY: Paul
25 is Paul Terrien.

1 35702 MR. PRATTE: Okay. Then flip over
2 "Lunch in your room".

3 35703 THE RIGHT HON. BRIAN MULRONEY:
4 That's right.

5 35704 MR. PRATTE: Why were you having
6 lunch in the room of the hotel as opposed to in the
7 restaurant?

8 35705 THE RIGHT HON. BRIAN MULRONEY: Well,
9 because Paul had stayed at the hotel waiting for me,
10 and I took advantage of every pit stop that I could
11 because of my shoulder.

12 35706 There were things I had to take and
13 do, and I would change as well for the trip. So I went
14 in and I think we were there an hour, an hour and
15 something, and then we got on the plane and went off
16 to -- as I say, I don't know if it was Rome or
17 Frankfurt we went.

18 35707 MR. PRATTE: Okay. Did Mr. Schreiber
19 accept your invitation?

20 35708 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 he did. I was told that he did. I didn't speak to
22 him, but I was told that he was pleased to come to
23 lunch.

24 35709 MR. PRATTE: And did he come to
25 lunch?

1 35710 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 35711 MR. PRATTE: And what happened at the
3 lunch?

4 35712 THE RIGHT HON. BRIAN MULRONEY: Well,
5 obviously we, not having been able to talk face to
6 face, not having been able to speak except by the phone
7 for a number of years and having been involved in this
8 Airbus thing, I'm sure we had a chat about that,
9 unquestionably.

10 35713 But the thing that sticks with me
11 about that meeting was that he had -- his principal
12 preoccupation was that he had come up with a new idea
13 and he discussed that with me at great length.

14 35714 MR. PRATTE: And what was that?

15 35715 THE RIGHT HON. BRIAN MULRONEY: The
16 idea was this new product for the anti-obesity pasta
17 machines and products that he was going to get into big
18 time.

19 35716 MR. PRATTE: Did Mr. Schreiber tell
20 you why he was in Switzerland at the time?

21 35717 THE RIGHT HON. BRIAN MULRONEY: No,
22 he did not. I really was surprised. I thought we
23 would locate him in Germany, but he turned out to have
24 told Francine he was in Switzerland.

25 35718 MR. PRATTE: Did you ask

1 Mr. Schreiber or express any view as to whether or not
2 the commercial relationship you had with him was
3 documented in one way or the other?

4 35719 Was there any discussion of that?

5 35720 THE RIGHT HON. BRIAN MULRONEY: No.

6 35721 MR. PRATTE: when he discussed the
7 issue of the pasta machines, I think you referred to,
8 what was the exchange? How did you react to that?

9 35722 THE RIGHT HON. BRIAN MULRONEY: I
10 thought that he was going to say something to me, but
11 he really didn't, except we chatted about -- I was a
12 director of Archer Daniels Midland, and one of the
13 requirements apparently for this is a special strain of
14 durum wheat, which of course Archer Daniels has a lot
15 to say in in the North American market.

16 35723 He knew I was a director of ADM and
17 we talked about that, but he didn't ask me at that time
18 to do anything. I would have been happy to do
19 something had he said, well look, I would like you to
20 do -- would you do A, B and C specifically? Could you
21 look at that? I would have been happy to do it, but he
22 didn't raise it.

23 35724 MR. PRATTE: Archer Daniels Midland,
24 maybe not everyone is familiar with that company, but
25 just in a sentence, why would that be related to his

1 interest in this pasta?

2 35725 THE RIGHT HON. BRIAN MULRONEY: I
3 suppose if this project took off, it would be one of
4 the principal suppliers.

5 35726 MR. PRATTE: Okay.

6 35727 THE RIGHT HON. BRIAN MULRONEY: There
7 would be two main ones available, as I understood it,
8 in North America, Cargill and ADM.

9 35728 MR. PRATTE: Subsequent to -- well,
10 first of all, was anything else discussed,
11 Mr. Mulroney, that you recall?

12 35729 THE RIGHT HON. BRIAN MULRONEY: No.

13 35730 MR. PRATTE: Subsequent to that
14 meeting and discussion, did the subject of pasta or was
15 there anything else that occurred relating to this in
16 the following year or two?

17 35731 THE RIGHT HON. BRIAN MULRONEY: Well,
18 not so much as between Mr. Schreiber and me, but the
19 answer to your question is yes.

20 35732 I don't remember all of the
21 circumstances, the genesis of it, but I do remember two
22 specific things that occurred and that I did. I was
23 invited, and I can't say who initiated the meeting, but
24 I was invited to meet with Greg Alford in Toronto who
25 was an excellent guy working for Mr. Schreiber, who

1 took me to a laboratory and/or display area about the
2 construction of these machines.

3 35733 I was aware at the time that
4 Mr. Schreiber was interested in the production of this
5 and he had an association with a company in Seattle, in
6 which company Elmer McKay was an investor.

7 35734 So the activity seemed to me to be
8 going on mostly there, but it looked like Mr. Schreiber
9 was going to acquire certainly the Canadian and perhaps
10 part of the North American rights for the construction
11 and distribution of this new machine that would
12 specialize in the anti-obesity pasta production.

13 35735 MR. PRATTE: Very well. And I
14 thought you referred to two instances you went to visit
15 these laboratories.

16 35736 Is there anything else connected with
17 it?

18 35737 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 Then I made it my business. Inasmuch as you couldn't
20 really tell that much from the laboratory, I asked if
21 there was a facility available that I can go and see,
22 find out what it looked like and what it did and he
23 said yes.

24 35738 And there is one, I think it was in
25 Commerce Court West in Toronto. A friend and I went

1 there and there it was. There was quite a large
2 facility where you pushed some buttons and out came
3 this pasta, which I tried, this anti-obesity thing, and
4 by God, it was good. It was hot and good and so I
5 tried it again. And it was still good.

6 35739 So the next thing that happened was
7 that my friend Elmer called me and said do you think
8 that we could -- you could put us in touch with
9 McDonald's, because they might be interested in adding
10 this to their impressive agenda that they have, this
11 food agenda that they have. This would be great for
12 them because it would be different from what they
13 are -- and I can't tell you with certainty,
14 Mr. Commissioner, who I phoned.

15 35740 I can't remember if it was my old
16 friend George Cohon or -- I wouldn't want to put words
17 in his mouth. But I phoned someone in McDonald's to
18 ensure that Elmer and/or Mr. Schreiber or their
19 representative in Seattle, someone could meet with
20 them, and McDonald's I believe said that they would be
21 delighted to do that.

22 35741 I don't know how that panned out.

23 35742 MR. PRATTE: Mr. Commissioner, given
24 that I believe at some point in time McDonald's slogan
25 was you need a break today or something like that,

1 perhaps it would be an appropriate time to break.

2 35743 COMMISSIONER OLIPHANT: Just for the
3 record, Mr. Cohon was the holder of the Canadian
4 franchise for McDonald's, I believe.

5 35744 THE RIGHT HON. BRIAN MULRONEY:
6 That's right. He was the President and Chief --
7 Chairman and Chief Executive Officer of the company in
8 Canada.

9 35745 But, as I say, I can't be certain
10 that I spoke with -- I certainly knew him and might --
11 he might have been the guy, but perhaps not.

12 35746 COMMISSIONER OLIPHANT: So you
13 thought that for the first time in history McDonald's
14 might sell something that wasn't fattening?

15 35747 THE RIGHT HON. BRIAN MULRONEY:
16 Exactly.

17 35748 COMMISSIONER OLIPHANT: We will take
18 a 15-minute break.

19 35749 THE RIGHT HON. BRIAN MULRONEY:
20 Precisely. That's why I thought, Mr. Commissioner, it
21 would appeal to them.

22 35750 COMMISSIONER OLIPHANT: Fifteen
23 minutes.

24 --- Upon recessing at 3:15 p.m. / Suspension à 15 h 15

25 --- Upon resuming at 3:37 p.m. / Reprise à 15 h 37

1 35751 COMMISSIONER OLIPHANT: Be seated,
2 please.

3 35752 Mr. Pratte...?

4 35753 MR. PRATTE: Thank you,
5 Mr. Commissioner.

6 35754 Mr. Mulroney, on or about August 31,
7 1999 Mr. Schreiber was arrested in Toronto. How did
8 you find out about that?

9 35755 THE RIGHT HON. BRIAN MULRONEY: In
10 the television or the newspapers.

11 35756 MR. PRATTE: What was your reaction?

12 35757 THE RIGHT HON. BRIAN MULRONEY: I was
13 stunned.

14 35758 MR. PRATTE: Why was that?

15 35759 THE RIGHT HON. BRIAN MULRONEY:
16 Because, as I have indicated before, a fellow that I
17 thought was a successful entrepreneur is arrested on an
18 Interpol warrant, charged with bribery, corruption,
19 fraud and income tax evasion on a massive scale. This
20 was certainly a big surprise to me.

21 35760 I had known nothing, absolutely
22 nothing of this and of the developments that had led
23 him to leave Germany to Switzerland and then to come
24 into Canada until he got arrested in Toronto.

25 35761 MR. PRATTE: Could you take the

1 volume that is right in front of you and go to Tab 15,
2 Mr. Mulroney?

3 35762 THE RIGHT HON. BRIAN MULRONEY: Yes.
4 35763 MR. PRATTE: There is a letter
5 there --

6 35764 THE RIGHT HON. BRIAN MULRONEY:
7 Fifteen?

8 35765 MR. PRATTE: It should be 15.
9 35766 THE RIGHT HON. BRIAN MULRONEY: Yes.
10 35767 COMMISSIONER OLIPHANT: Are we
11 looking at P-46?

12 35768 MR. PRATTE: Oh, I'm sorry,
13 Mr. Commissioner, we are.

14 35769 COMMISSIONER OLIPHANT: Okay, that's
15 fine.

16 35770 MR. PRATTE: Yes, the Additional --
17 35771 COMMISSIONER OLIPHANT: Tab 15 is the
18 CBC letter?

19 35772 MR. PRATTE: Right.
20 35773 COMMISSIONER OLIPHANT: Okay.
21 35774 MR. PRATTE: So do you see that
22 letter, Mr. Mulroney, addressed to you, dated October
23 8, 1999?

24 35775 THE RIGHT HON. BRIAN MULRONEY: Yes.
25 35776 MR. PRATTE: From Mr. Cashore of the

1 CBC?

2 35777 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 35778 MR. PRATTE: Could you read the first
4 two paragraphs?

5 35779 THE RIGHT HON. BRIAN MULRONEY: It
6 says:

7 "Dear Mr. Mulroney:

8 The Canadian Broadcasting
9 Corporation's programme the
10 fifth estate is gathering
11 research for a story concerning
12 Karlheinz Schreiber and some of
13 his business activities in
14 Canada and abroad.
15 In the course of the research we
16 have come across some new
17 information which we would like
18 to discuss with you in an
19 interview. It is our sincere
20 objective to understand the
21 facts as best we can, and it is
22 for this reason we are hoping to
23 speak with you."

24 35780 MR. PRATTE: Did you agree to speak
25 with the fifth estate?

1 35781 THE RIGHT HON. BRIAN MULRONEY: No.
2 35782 MR. PRATTE: Did anyone on your
3 behalf speak to the fifth estate?
4 35783 THE RIGHT HON. BRIAN MULRONEY: I
5 don't know. Perhaps.
6 35784 MR. PRATTE: Well, was Mr. Lavoie
7 acting or representing you in any way at that time?
8 35785 This is in 1999.
9 35786 THE RIGHT HON. BRIAN MULRONEY: It's
10 possible. He was good enough to represent me even when
11 he had left National to help me out, and so it is very
12 possible he did that.
13 35787 MR. PRATTE: Okay. Can I then take
14 you to Tab 92 of Binder 2.
15 35788 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 sir.
17 35789 MR. PRATTE: Ninety-two should be a
18 letter dated January 26, 2000.
19 35790 THE RIGHT HON. BRIAN MULRONEY: Yes.
20 35791 MR. PRATTE: From Mr. Hladun's firm.
21 35792 THE RIGHT HON. BRIAN MULRONEY: Yes.
22 35793 MR. PRATTE: And it appears to be
23 signed by him, and I think he has confirmed his
24 signature when he was here before the Commissioner a
25 little earlier. Page 2.

1 35794 THE RIGHT HON. BRIAN MULRONEY: Page
2 2?
3 35795 MR. PRATTE: Just that is where his
4 signature is --
5 35796 THE RIGHT HON. BRIAN MULRONEY: Yes.
6 35797 MR. PRATTE: -- but I wanted to take
7 you first of all to the first page, Mr. Mulroney.
8 35798 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 35799 MR. PRATTE: He says in the bottom
10 paragraph:
11 "... received a call from Mr.
12 Mulroney who advised that he had
13 instructed Mr. Tremblay to issue
14 a letter to CBC's Fifth Estate
15 indicating that if there was the
16 slightest implication that Mr.
17 Schreiber, Mr. Moores and Brian
18 Mulroney were involved in anyway
19 (I assumed as alleged in Letter
20 of Request) then there would be
21 terrible consequences (I assumed
22 that to mean a lawsuit)."
23 35800 Let me just stop you there.
24 35801 THE RIGHT HON. BRIAN MULRONEY: Yes.
25 35802 MR. PRATTE: Do you have any

1 recollection, first of all, of speaking to Mr. Hladun
2 on or about that time?

3 35803 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 35804 MR. PRATTE: Had you instructed
5 Mr. Tremblay -- and again, Mr. Tremblay was acting --

6 35805 THE RIGHT HON. BRIAN MULRONEY: My
7 lawyer.

8 35806 MR. PRATTE: Right. Had you given
9 instructions to Mr. Tremblay to call Mr. Hladun?

10 35807 THE RIGHT HON. BRIAN MULRONEY: Very
11 possible -- very probably, yes.

12 35808 MR. PRATTE: Okay. And when he says
13 that the letter involving the fifth estate and the
14 suggestion of the possible implication that you might
15 be involved in any way as he says, and I quote:

16 "... (I assumed as alleged in
17 the Letter of Request)..."

18 35809 Unquote. Is Mr. Hladun's assumption
19 correct?

20 35810 THE RIGHT HON. BRIAN MULRONEY: That
21 it was about Airbus?

22 35811 MR. PRATTE: Yes. When he says:

23 "... (I assumed as alleged in
24 Letter of Request)..."

25 35812 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 35813 MR. PRATTE: What did you have in
2 mind I guess is the better question?

3 35814 THE RIGHT HON. BRIAN MULRONEY:
4 Airbus. Look, the fifth estate has been on a mission
5 for 15 or 20 years to prove that I got Airbus money.
6 Then they changed their mind. When that was exploded
7 in their face, they changed their mind and said oh, we
8 made a little mistake. Now we are going to prove that
9 he did something else.

10 35815 When that's finished, they will be on
11 to something else. I mean after all, they operate
12 100 per cent with taxpayers' money, and once they set
13 out on these vendettas, such as the one that I have had
14 the pleasure to witness, if you are spending taxpayers'
15 money it's hard for the guy on the other side.

16 35816 So they were on another one of their
17 events there, and I thought this would be important for
18 us to make it very clear from Mr. Hladun that there had
19 never ever been a request for anything other than that.

20 35817 MR. PRATTE: So when he goes on to
21 say in the rest of the paragraph, I quote:

22 "He would issue..."

23 35818 That is obviously Mr. Tremblay:

24 "He would issue the letter but
25 first wanted an assurance or

1 comfort in writing from Mr.
2 Schreiber saying that he would
3 confirm what he had said
4 publicly on many occasions, that
5 at no time did Brian Mulroney
6 solicit or receive compensation
7 of any kind from Schreiber."
8 35819 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 35820 MR. PRATTE: What is that referring
10 to?
11 35821 THE RIGHT HON. BRIAN MULRONEY:
12 Airbus, as Mr. Hladun confirmed.
13 35822 MR. PRATTE: Now, subsequent to
14 this -- well, did you hear or watch a fifth estate
15 program later on, Mr. Mulroney, on or about the 20th of
16 October?
17 35823 THE RIGHT HON. BRIAN MULRONEY: No.
18 35824 MR. PRATTE: Were you apprised of it?
19 35825 THE RIGHT HON. BRIAN MULRONEY: I was
20 outside of the country. Yes, I was.
21 35826 MR. PRATTE: Okay. And what were you
22 told about it?
23 35827 THE RIGHT HON. BRIAN MULRONEY: I was
24 told that it was a typical fifth estate hatchet job and
25 that Mr. Schreiber, his arrest and what have you, was

1 involved in this. I haven't seen it or even read all
2 of the transcript.

3 35828 I was told, as well, that Mr. Lavoie
4 was quoted in the program referring to Mr. Schreiber in
5 somewhat unflattering terms.

6 35829 And the matter that I,
7 Mr. Commissioner, found of interest and subsequently
8 inquired about, was that on the day of the program
9 Mr. Greenspan, Mr. Schreiber's lawyer, had written to
10 the fifth estate saying in the letter I want to state
11 categorically and for the record, we understand that
12 the fifth estate is going to suggest that Britan is
13 Brian, and Brian Mulroney, trying to draw me in.

14 35830 This is the object of the whole
15 exercise of the fifth estate is that.

16 35831 Greenspan says it is not Brian. I am
17 writing to you to tell you that the Britan account
18 is -- this is in 1999, October 1999, Mr. Commissioner.
19 He is saying I am Schreiber's lawyer. You are telling
20 me that -- I hear that you are going to produce this
21 program in which you are going to make this allegation.

22 35832 I am telling you on behalf of my
23 client it's false, and if you air this program tonight
24 without including me, Eddie Greenspan, in your lineup,
25 you are going to be doing an enormous disservice to

1 Mr. Mulroney and to the truth.

2 35833 They just ignored it. They throw it
3 in the waste paper basket and off they go typically and
4 do whatever they want, which is why I assume,
5 Mr. Commissioner, that Mr. Douglas Cunningham of the
6 Ontario Superior Court of Justice eviscerated,
7 eviscerated the fifth estate crowd and their manner of
8 doing business for the slander and libel that they
9 perpetrated on a doctor from Ottawa, and awarded in
10 excess of \$1 million against them for their lies and
11 their unprofessionalism in the most vigorous language.

12 35834 This was the modus operandi.

13 35835 MR. PRATTE: Did you --

14 35836 THE RIGHT HON. BRIAN MULRONEY: This
15 is what was going on, and so obviously I was interested
16 in knowing if Mr. Greenspan's formal request for
17 objectivity would be honoured. It was not.

18 35837 MR. PRATTE: So that --

19 35838 THE RIGHT HON. BRIAN MULRONEY:

20 That's what I knew about that program.

21 35839 MR. PRATTE: At that time, I'm
22 talking about the fall of 1999, Mr. Mulroney, did you
23 have communications with Mr. Schreiber?

24 35840 THE RIGHT HON. BRIAN MULRONEY: No.

25 35841 MR. PRATTE: Did you hear anything

1 about him or from him indirectly?

2 35842 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 I did. I heard from Elmer McKay that he, Elmer, had
4 picked up that Mr. Schreiber was musing that perhaps I
5 had an income tax problem. I had no -- I had no income
6 tax problem, but I got the impression that
7 Mr. Schreiber was going to try and see if he
8 couldn't -- couldn't create one for me.

9 35843 MR. PRATTE: At this juncture,
10 Mr. Commissioner, I would like to file a few documents,
11 if I can find them, and refer to others that deal with
12 a voluntary disclosure that I will come to in a moment.

13 35844 Some of them are already found at Tab
14 26 of the Additional -- P-46, Tab 26.

15 35845 THE RIGHT HON. BRIAN MULRONEY: What
16 tab number?

17 35846 COMMISSIONER OLIPHANT: These are
18 documents emanating out of Ogilvy Renault?

19 35847 MR. PRATTE: That's right. And I
20 will take you to one of them presently, or the witness.

21 35848 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35849 MR. PRATTE: And then I'm here to
23 file as well additional documents, which I'm assuming
24 the registrar has copies of, to be marked as P-49.

25 35850 Just before I do so and also advise

1 the Commission of an agreed statement of facts in terms
2 of the basis upon which some of this information is
3 going in, I just want to put on the record,
4 Mr. Commissioner, that on behalf of Mr. Mulroney we
5 have in mind the ruling that you issued about, as you
6 will recall, the standard ruling and references to the
7 Income Tax Act.

8 35851 So I'm filing this at the moment with
9 the proviso that I'm dealing with these issues because
10 they are part of the factual narrative, but not in
11 order to open the door to issues of tax compliance with
12 the Income Tax Act.

13 35852 So I will ask a few questions just to
14 fill in the factual narrative, nor either of course to
15 waive any solicitor-client privilege that Mr. Mulroney
16 might have had with the people who acted on his behalf.

17 35853 So I understand when you made your
18 ruling -- I'm not saying that others are agreed on the
19 basis of those filings, but that's what I'm going to
20 do.

21 35854 And when they have questions, when I
22 hear those questions, as you said, at the time we may
23 have to wait and see what the questions -- specific
24 questions are and then you may have to rule as to their
25 propriety.

1 35855 But that's the limited extent to
2 which I am proposing to use those documents.

3 35856 COMMISSIONER OLIPHANT: Mr. Wolson, I
4 am looking at you and I can see you looking with some
5 concern.

6 35857 MR. WOLSON: Well, there is no
7 agreement regarding the nature of the questions that
8 others will put to the witness, and that is something
9 you will have to deal with, as my friend said, at the
10 time. But it shouldn't be construed that there is any
11 agreement or consensus.

12 35858 COMMISSIONER OLIPHANT: I understand.
13 Depending on the nature of questions that may be
14 asked, there may be an objection and I will have to
15 rule on it.

16 35859 MR. PRATTE: Indeed. That's all I
17 was wanting to make you --

18 35860 COMMISSIONER OLIPHANT: Sure. Okay.

19 35861 MR. PRATTE: So in terms of the
20 additional documents that should be marked as P-43,
21 they are -- I don't know what the terminology is in
22 English, but the Avis Cotisation.

23 35862 Perhaps you will know what I'm
24 talking about, Mr. Commissioner, when the Registrar
25 puts them in front of you.

1 35863 COMMISSIONER OLIPHANT: This is a new
2 exhibit coming in?

3 35864 MR. PRATTE: It is, sir.

4 35865 COMMISSIONER OLIPHANT: And this will
5 be P-49, I believe.

6 35866 MR. PRATTE: You are correct.

7 35867 MR. YAROSKY: Notice of Assessment.

8 35868 MR. PRATTE: Notice of assessment,
9 Mr. Yarosky.

10 35869 COMMISSIONER OLIPHANT: Oh, I have
11 seen these before.

12 35870 MR. PRATTE: All right.
13 35871 In a different case, I'm sure.

14 35872 COMMISSIONER OLIPHANT: Yes, my own.
15 --- Laughter / Rires

16 35873 MR. PRATTE: Well, we won't expand
17 the boundaries of the inquiry to go that far.

18 35874 COMMISSIONER OLIPHANT: I won't be
19 subject to cross-examination, okay. Just keep going
20 with your filing.

21 35875 MR. PRATTE: Thank you, sir.
22 35876 So I just want to make -- you will
23 see, Mr. Commissioner, as you look at these that the
24 documents, the information has been blacked out and it
25 is pursuant to a joint statement of facts that I'm

1 going to read into the record.

2 35877 I understand that Commission Counsel
3 and Mr. Vickery do not object to the filing of those
4 documents in that form.

5 35878 I'm talking about P-49, if I have
6 that correctly.

7 35879 They don't consent either, but they
8 don't object. The agreement between --

9 35880 COMMISSIONER OLIPHANT: If they don't
10 consent and they don't object, I would like to know
11 what the position is.

12 35881 MR. PRATTE: Sorry. Well, they don't
13 object, so I'm asking you to receive them on the basis
14 there are no objections to their being filed in that
15 form.

16 35882 COMMISSIONER OLIPHANT: All right.

17 35883 Would you confirm that, Mr. Vickery?

18 35884 MR. VICKERY: Yes, Commissioner. We
19 do not object to the filing of the documents in the
20 form proposed.

21 35885 COMMISSIONER OLIPHANT: All right.

22 35886 Mr. Wolson, I take it that that is
23 the position of Commission counsel? Okay.

24 35887 MR. PRATTE: And then what I would
25 like to read, Mr. Commissioner, as a joint statement of

1 facts, though, is that counsel for the parties have
2 received and reviewed partially redacted copies of
3 Mr. Mulroney's Avis de Nouvelle Cotisation and amended
4 income tax returns for the years '96, '97 and '98.

5 35888 Having examined the documents,
6 counsel for the parties can confirm that the amended
7 returns increased Mr. Mulroney's "Revenus d'entreprise"
8 by \$37,500 in each of those years.

9 35889 So those are the facts to which
10 everyone agrees.

11 35890 COMMISSIONER OLIPHANT: Are you going
12 to file -- is it a written agreed statement of facts or
13 the agreed statement is just what you have read?

14 35891 MR. PRATTE: I have just read it,
15 but --

16 35892 COMMISSIONER OLIPHANT: As part of
17 the evidence.

18 35893 MR. PRATTE: Yes, sir. Or if you
19 wish, we could simply have it typed up and mark it as
20 an exhibit if you wish.

21 35894 COMMISSIONER OLIPHANT: Well, it is
22 not necessary from my perspective. I have heard what
23 you had to say. It is on the record.

24 35895 MR. PRATTE: All right. Thank you,
25 sir.

1 35896 COMMISSIONER OLIPHANT: The Notice of
2 Assessment and amended income tax returns, then, will
3 be received and marked as Exhibit P-49.

4 EXHIBIT NO. P-49: Notice of
5 Assessment and amended income
6 tax returns for Brian Mulroney

7 35897 COMMISSIONER OLIPHANT: Go ahead,
8 please, Mr. Pratte.

9 35898 MR. PRATTE: Mr. Mulroney, I just
10 have --

11 35899 MR. WOLSON: When you asked counsel,
12 you asked only two counsel. You neglected to ask
13 Mr. Houston and Mr. Auger and perhaps their position
14 should be on the record as well.

15 35900 COMMISSIONER OLIPHANT: I actually
16 didn't neglect. Mr. Pratte moved on a little quicker
17 than I anticipated.

18 35901 Mr. Houston, what is your position
19 with respect to Exhibit P-49?

20 35902 MR. HOUSTON: I consent to them being
21 filed.

22 35903 COMMISSIONER OLIPHANT: You consent.
23 You are not only not objecting, you are consenting.

24 35904 MR. HOUSTON: Correct, sir.

25 35905 COMMISSIONER OLIPHANT: All right.

1 35906 Mr. Auger...?

2 35907 MR. AUGER: Not opposed,
3 Commissioner.

4 35908 COMMISSIONER OLIPHANT: Thank you.

5 35909 MR. PRATTE: So, Mr. Mulroney,
6 subject to the caveats I have put on the record, I have
7 a few questions on the issue of the income tax
8 treatment of the monies.

9 35910 When you received the payments we
10 have discussed in the years you received them, in
11 1993-1994, can you tell me how you conceived them
12 yourself from an income tax point of view?

13 35911 THE RIGHT HON. BRIAN MULRONEY: As a
14 retainer.

15 35912 MR. PRATTE: Which meant what to you?

16 35913 THE RIGHT HON. BRIAN MULRONEY: Which
17 meant that the amounts were not declarable as income
18 until they were taken into one's income stream as their
19 own money.

20 35914 MR. PRATTE: And when did you do
21 that?

22 35915 THE RIGHT HON. BRIAN MULRONEY: In
23 1999.

24 35916 MR. PRATTE: Did you -- I don't want
25 to know what might have been discussed, but at the time

1 you formed that view, did you consult any tax advisors?

2 35917 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 35918 MR. PRATTE: At the time you made
4 that determination in '93-'94?

5 35919 THE RIGHT HON. BRIAN MULRONEY: No.

6 35920 MR. PRATTE: The conception you said
7 about the retainer, I just want to know --

8 35921 THE RIGHT HON. BRIAN MULRONEY: Oh,
9 no, no. I had practised law for 13 years and I had
10 been in business. I wasn't a tax lawyer, but my
11 understanding of the tax law was exactly what I have
12 given you; that a retainer is not declarable as income
13 until it is used that way, and therefore I treated it
14 in that manner.

15 35922 MR. PRATTE: Okay. And the monies we
16 have talked about and that were I guess in your safe at
17 home -- and there was also some money in New York?

18 35923 THE RIGHT HON. BRIAN MULRONEY:
19 That's right.

20 35924 MR. PRATTE: You told us about. So
21 when did you use that money for your own purposes?

22 35925 THE RIGHT HON. BRIAN MULRONEY: After
23 the amounts had been declared to the Québec and federal
24 income tax departments and approvals had been received.
25 The cheques were paid, the taxes fully paid and the

1 money became mine, having been declared as income.
2 Only then --

3 35926 MR. PRATTE: Can I just take you --
4 35927 THE RIGHT HON. BRIAN MULRONEY: --
5 did I use any of it.

6 35928 MR. PRATTE: Can I just take you,
7 Mr. Mulroney, to Tab 26.

8 35929 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 35930 MR. PRATTE: You will see it is a
10 letter, a fax transmission from Ogilvy Renault.

11 35931 THE RIGHT HON. BRIAN MULRONEY: Yes.
12 35932 MR. PRATTE: And if you go to the
13 first page, there are a number of points there, one and
14 two. Do you see that?

15 35933 THE RIGHT HON. BRIAN MULRONEY: Yes.
16 35934 MR. PRATTE: Firstly, Mr. Mulroney,
17 this is a letter sent by Wilfrid Lefebvre of Ogilvy
18 Renault?

19 35935 THE RIGHT HON. BRIAN MULRONEY: Yes.
20 35936 MR. PRATTE: And it refers, if you go
21 to the "Objet: Divulgation Volontaire" --
22 35937 You have to say yes or no for the
23 record.

24 35938 THE RIGHT HON. BRIAN MULRONEY: I'm
25 sorry, yes.

1 35939 MR. PRATTE: Did you get involved in
2 any of the discussions that Mr. Lefebvre might have had
3 with the Québec or federal authorities in terms of the
4 Divulgation Volontaire?

5 35940 THE RIGHT HON. BRIAN MULRONEY: Not
6 at all.

7 35941 MR. PRATTE: Were you shown copies of
8 this document -- and there are two that follow that
9 actually precede it in time. The last one is February
10 2, 2000.

11 35942 Were you shown copies of these
12 documents, as best you can recall, at the time?

13 35943 THE RIGHT HON. BRIAN MULRONEY: No.

14 35944 MR. PRATTE: If you go to, again
15 paragraph 2, it refers to:
16 (TRANSLATION) "the amounts
17 described in my letter ...
18 involve sums of \$75 000 for each
19 of the 1993, 1994 and 1995
20 taxation years."

21 35945 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 35946 Mr. PRATTE: Are you with me?

23 35947 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 35948 Mr. PRATTE: So, three years...

25 35949 THE RIGHT HON. BRIAN MULRONEY: Yep!

1 35950 Mr. PRATTE: ...for a total of...?

2 35951 THE RIGHT HON. BRIAN MULRONEY: Two
3 hundred twenty-five thousand dollars.

4 35952 Mr. PRATTE: Does this amount
5 correspond to the sums given to you by Mr. Schreiber?

6 35953 THE RIGHT HON. BRIAN MULRONEY:
7 Absolutely.

8 35954 Mr. PRATTE: Once again, Mr. Mulroney,
9 without violating solicitor-client privilege, what was
10 your perception or understanding, should I say, of the
11 voluntary disclosure?

12 35955 THE RIGHT HON. BRIAN MULRONEY: Well,
13 voluntary disclosure is an instrument, a sort of
14 vehicle, available to any Canadian citizen for all
15 sorts of reasons, for resolving or concluding a
16 taxation matter.

17 35956 So, I made a special request, so I
18 could be sure, and I was told: But there's no negative
19 liability implication stemming from this. There are all
20 sorts of reasons that can be used, and in your case,
21 it's... that's it. There wasn't any... I think the
22 phrase was: No culpability whatever attaches to any
23 Canadian citizen by using a vehicle made available for
24 the tax department, or something like that.

25 35957 MR. PRATTE: Did you care in terms of

1 specifically how the matter would be negotiated or
2 resolved in terms of the mechanics of the settlement
3 ultimately?

4 35958 THE RIGHT HON. BRIAN MULRONEY: No.
5 I simply said this matter ought to be resolved in a
6 fair and expeditious manner. Québec is the only place
7 in Canada where there are two such revenue departments,
8 because Québec collects its own such taxes. So it has
9 to be done to the satisfaction of both, pursuant to the
10 customs and traditions and the law of the area. And I
11 said just resolve it.

12 35959 Any doubt, resolve in favour of the
13 government and let me know what the cost is and I will
14 send you a cheque.

15 35960 MR. PRATTE: I have referred,
16 Mr. Mulroney, to the agreement where everyone confirmed
17 that amount of \$37,500 per year was added to the tax
18 that you owed.

19 35961 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 35962 MR. PRATTE: Did you pay those
21 amounts, to the best of your knowledge?

22 35963 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 I did.

24 35964 MR. PRATTE: Can you -- this is a
25 sensitive area, Mr. Mulroney, and I don't want to pry

1 in your personal life, financial life or otherwise
2 obviously. But can you give the Commission a general
3 idea of the significance of those amounts to you.

4 35965 You have already talked about the
5 Washington Bureau in that context, but I wonder if you
6 just could put a little bit of greater context in terms
7 of the significance, relative or otherwise, of these
8 additional amount you had to pay.

9 35966 THE RIGHT HON. BRIAN MULRONEY: Well,
10 you know, I remember the Commissioner saying to someone
11 that \$100,000 was a lot of money to him and it is to
12 me, obviously. But at that time, and in the context I
13 suppose of my gross revenues, this was readily handled,
14 accommodated.

15 35967 I explained to you some of the
16 financial inflows that I had and I was extremely
17 fortunate, thank the Lord, and this is the result.

18 35968 MR. PRATTE: A question in the same
19 vein, Mr. Mulroney, again respecting your privacy as
20 best we can: There was a question in the
21 Commissioner's mandate that says what happened to the
22 money.

23 35969 You said that you considered it to
24 become income at that point in time roughly. Can you
25 give the Commissioner an indication of what you did

1 with the money that you said you felt you had earned by
2 then?

3 35970 THE RIGHT HON. BRIAN MULRONEY: Well,
4 it was my -- it was my money at the time. It was my
5 private income. And I am no more thrilled at the
6 prospect of dealing -- of talking about that than
7 anybody in this room would be, in terms of the privacy
8 of our lives and so on, particularly in light of the
9 Commissioner's ruling in regard to the respect for my
10 private life and my private business dealings.

11 35971 But that being said, the answer to
12 the question is the answer to just about any question
13 you could ask me in this area, but particularly this:
14 I dispersed it to members of my immediate and extended
15 family in Canada and the United States -- after it was
16 mine. After it was mine.

17 35972 And having been assured -- insured --
18 assured rather, Mr. Pratte, that the manner in which I
19 had treated this as a retainer was appropriate and
20 proper, my view, which was sustained, was that -- so in
21 other words, until I paid the -- when I paid the taxes,
22 that's when they became due and exigible.

23 35973 So when I sometimes see things in the
24 media that I was late in my taxes, I know someone who
25 will disagree with that.

1 35974 MR. PRATTE: Could I ask you a few
2 questions -- thank you, Mr. Mulroney.

3 35975 One last question in this area: When
4 you decided to take this money into your income in the
5 way that you have just explained, what was your
6 understanding of this watching brief that you had?

7 35976 Was it still alive or what happened
8 to it?

9 35977 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 it was. The watching brief was for Mr. Schreiber's
11 corporate interests. He spoke to me -- he didn't
12 terminate anything, nor did I, in Switzerland. I was
13 clearly trying to function to help him with his new
14 pasta products. I just thought it was ongoing and that
15 one day it would either succeed formally or fail
16 formally and that would be the end of it.

17 35978 We had not reached that time, but I
18 felt it was appropriate to do what I did. As I say, it
19 was in keeping with my understanding of the retainer
20 provisions of the statutes and I treated it that way.
21 And when it became exigible, I paid the taxes on it.

22 35979 MR. PRATTE: Mr. Doucet testified
23 about a number of notes he made, a set of notes he made
24 from time to time starting, if memory serves, in the
25 wake of the fifth estate program.

1 35980 I am a bit out of sequence there. I
2 should have asked you about that before.

3 35981 Just for your reference,
4 Mr. Mulroney, I'm not going to take you necessarily in
5 any detail through these but just so that the
6 Commissioner and everyone else can follow through, go
7 to Tab 89.

8 35982 Now we are back in one of the big
9 books, Tab 2.

10 35983 Sorry, Volume 2, Tab 89.

11 35984 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 35985 MR. PRATTE: It has been identified
13 as a note that was typed up. It is actually originally
14 handwritten by Mr. Doucet in the wake of his watching
15 the fifth estate program.

16 35986 The only question I have for you in
17 respect to that, Mr. Mulroney, is: Were you aware at
18 the time that Mr. Doucet was making such a note?

19 35987 THE RIGHT HON. BRIAN MULRONEY: No.

20 35988 MR. PRATTE: Did you ask him on your
21 behalf to watch the show --

22 35989 THE RIGHT HON. BRIAN MULRONEY: No.

23 35990 MR. PRATTE: -- and record any
24 thoughts he may have?

25 35991 THE RIGHT HON. BRIAN MULRONEY: No.

1 35992 MR. PRATTE: If you flip to the next
2 tab, Tab 90 --

3 35993 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 35994 MR. PRATTE: There is another note
5 that Mr. Doucet made. It is dated December 26, 1999
6 and it refers to, as he explained, a meeting that he
7 had at his house, I believe, on Boxing Day in 1999.

8 35995 You have to say yes or no for the
9 record.

10 35996 THE RIGHT HON. BRIAN MULRONEY: I'm
11 sorry, yes. Yes.

12 35997 MR. PRATTE: First of all, let me
13 just ask you this: Did you know that Mr. MacKay -- not
14 Mr. MacKay, Mr. Doucet and Mr. Schreiber were supposed
15 to meet on that day before the meeting happened?

16 35998 THE RIGHT HON. BRIAN MULRONEY: I
17 don't believe I did.

18 35999 MR. PRATTE: Okay. When did you find
19 out about the fact that such a meeting did take place?

20 36000 THE RIGHT HON. BRIAN MULRONEY: I can
21 only assume that Mr. Doucet must have called me after
22 it had taken place.

23 36001 MR. PRATTE: Okay. Do you recall
24 anything he might have told you as a result of that
25 meeting, Mr. Doucet?

1 36002 THE RIGHT HON. BRIAN MULRONEY: Not
2 that meeting. I think he called me after another
3 meeting, and perhaps that rings a bell more than
4 anything here.

5 36003 MR. PRATTE: Well, let's go,
6 Mr. Mulroney, then to the next meeting, or another
7 meeting, I should say.

8 36004 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 36005 MR. PRATTE: Tab 91.

10 36006 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 36007 MR. PRATTE: If you go to the --
12 there is a paragraph -- first of all, just to situate
13 you, these are notes that are made by Mr. Doucet
14 recording a meeting of Mr. Doucet and Mr. Schreiber at
15 the Royal York in Toronto.

16 36008 You will see that at the very top of
17 the page, at Tab 91?

18 36009 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 36010 MR. PRATTE: On January 11, 2000.
20 36011 Did you know that such a meeting was
21 going to take place beforehand?

22 36012 THE RIGHT HON. BRIAN MULRONEY: This
23 one, no.

24 36013 MR. PRATTE: If you go to paragraph
25 3 --

1 36014 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 36015 MR. PRATTE: I wonder if you might

3 just read that paragraph to yourself and then I will

4 have a question for you.

5 --- Pause

6 36016 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 36017 COMMISSIONER OLIPHANT: Are we

8 looking at paragraph number three or the third full

9 paragraph on that page?

10 36018 MR. PRATTE: I'm looking at number

11 three, which starts -- a good question, sir. Thank you

12 for that.

13 36019 It starts "Now on our friend B.M.

14 ..."

15 36020 COMMISSIONER OLIPHANT: Okay, I have

16 it. Thanks.

17 36021 MR. PRATTE: Okay. Have you read

18 that paragraph, Mr. Mulroney?

19 36022 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 36023 MR. PRATTE: Does that revive any

21 memory in terms of a discussion you might have had with

22 Mr. Doucet?

23 36024 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 36025 MR. PRATTE: And what is that?

25 36026 THE RIGHT HON. BRIAN MULRONEY: He

1 called me. He had to have called me after that earlier
2 meeting.

3 36027 MR. PRATTE: On December 26th.

4 36028 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 after, because it is very clear that he is talking
6 about this transcript. He is talking about this
7 transcript.

8 36029 And it is clear that Mr. Schreiber
9 had told...

10 36030 MR. PRATTE: Thank you.

11 36031 Mr. Wolson helpfully points out that
12 the transcript you are holding in your hand is the
13 transcript of the discovery --

14 36032 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 I'm sorry.

16 36033 MR. PRATTE: -- in your claim on
17 Airbus.

18 36034 I think we gave it an exhibit number,
19 Mr. Commissioner, I forget which, but the discovery
20 transcript of --

21 36035 THE RIGHT HON. BRIAN MULRONEY:
22 Nineteen ninety-six.

23 36036 MR. PRATTE: Nineteen ninety-six,
24 April 17th.

25 36037 THE RIGHT HON. BRIAN MULRONEY: The

1 examination before plea in Montréal.

2 36038 MR. PRATTE: Thank you.

3 36039 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 36040 MR. PRATTE: P-49? P-48.

5 36041 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 36042 MR. PRATTE: Thank you, sir. Sorry.

7 36043 So you were saying it is very clear

8 that he is talking about this transcript, P-48.

9 36044 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 And what I remember about it is when Mr. Doucet called
11 me and he said that Mr. Schreiber raised this. So now
12 I have Mr. Schreiber, my apparent friend and ally in
13 this fight against the government, all of a sudden he
14 is worried about the wording in the document that we
15 examined earlier.

16 36045 So I talked to Fred and I sent him a
17 couple of pages I think of this thing. And what I
18 remember about it is that Mr. Doucet took him through
19 the document and it was very clear that Mr. Schreiber
20 had made the same mistake that the National Post made
21 and the Globe and Mail and many others, including the
22 columnist to whom I referred earlier, and it was on
23 that final matter you raised with me about having had
24 earlier relationships with them in the Airbus thing.

25 36046 What I remember about this, because

1 Mr. Doucet told me that Mr. Schreiber, during the
2 meeting, asked him to call me to kind of report on the
3 meeting. Mr. Doucet described it that when he
4 explained and showed this to Mr. Schreiber and drew his
5 attention clearly to the fact that this related to
6 Airbus and it wasn't Mr. Mulroney saying I have never
7 had any relationship with Mr. Schreiber -- on the
8 contrary, I had not had a relationship in regard to
9 Airbus.

10 36047 Mr. Doucet told me that at that point
11 Mr. Schreiber, having had this pointed out to him, does
12 this.

13 36048 Ah, Fred, now I understand. Good.

14 36049 COMMISSIONER OLIPHANT: The record
15 should perhaps indicate that Mr. Mulroney slapped
16 himself on the forehead.

17 36050 THE RIGHT HON. BRIAN MULRONEY: Hard.
18 Hard, Mr. Commissioner.

19 36051 So that's the -- that's why I
20 remember that particular conversation.

21 36052 But I shouldn't -- I should not be,
22 as I say, too hard on Mr. Schreiber for that. It is a
23 mistake that has crept into the -- into the lexicon of
24 a lot of people in a lot of instances.

25 36053 MR. PRATTE: Would you then go to Tab

1 93?

2 36054 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 36055 MR. PRATTE: There are several pages
4 there, Mr. Mulroney, the first one of which is a
5 document simply entitled "Mandate", and it has some
6 typewriting but no handwritten notes.

7 36056 When did you first see this document?

8 I'm not going to hold you to an hour of the day or a
9 specific day.

10 36057 THE RIGHT HON. BRIAN MULRONEY: I
11 think I saw it when it was produced at the Ethics
12 Committee.

13 36058 MR. PRATTE: Mr. Doucet testified
14 that this is a document that he discussed with
15 Mr. Schreiber on or about February 4, 2000.

16 36059 You have to say yes or no for the
17 record, Mr. Mulroney.

18 36060 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 Yes.

20 36061 MR. PRATTE: Thank you. Did you have
21 anything to do with the drafting of the document? Did
22 you ask Mr. Doucet to do that for you?

23 36062 THE RIGHT HON. BRIAN MULRONEY: Not
24 at all.

25 36063 MR. PRATTE: Do you have any

1 recollection of Mr. Doucet reading or communicating to
2 you the contents of this blank document before the
3 meeting on February the 4th?

4 36064 THE RIGHT HON. BRIAN MULRONEY:
5 Before?

6 36065 MR. PRATTE: Before.

7 36066 THE RIGHT HON. BRIAN MULRONEY: No.

8 36067 MR. PRATTE: Then if you go to the
9 next page in the same tab, Mr. Mulroney --

10 36068 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 36069 MR. PRATTE: You see in the second
12 paragraph there is a figure there inserted in a blank
13 space.

14 "The fee to cover services and
15 expenses is set at \$250,000 for
16 the period."

17 36070 Do you see that?

18 36071 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 36072 MR. PRATTE: Do you know where this
20 figure comes from? Did you give it to Mr. --

21 36073 THE RIGHT HON. BRIAN MULRONEY: No.

22 36074 MR. PRATTE: No? After Mr. Doucet
23 met with Mr. Schreiber on or about that day, did you
24 hear from him in relation to this meeting?

25 36075 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 I did. I don't know the date, but I did.

2 36076 MR. PRATTE: Do you recall what he
3 told you about it?

4 36077 THE RIGHT HON. BRIAN MULRONEY: I
5 think he told me in general terms that he had met with
6 Mr. Schreiber and that he had been seeking to
7 memorialize the agreement, largely as a result of his
8 concern that his nose was telling him there might be
9 difficulty with this man, because the magic word now
10 was extradition.

11 36078 This was the new word that entered
12 the vocabulary.

13 36079 MR. PRATTE: What do you mean?

14 36080 THE RIGHT HON. BRIAN MULRONEY: Mr.
15 Schreiber was under an order to be extradited back to
16 Germany for the offences, bribery, corruption, fraud,
17 and so on.

18 36081 MR. PRATTE: For the alleged
19 offences.

20 36082 THE RIGHT HON. BRIAN MULRONEY: I'm
21 sorry, alleged in Germany, yes.

22 36083 MR. PRATTE: Thank you.

23 36084 THE RIGHT HON. BRIAN MULRONEY: But
24 the -- so it's clear that his strategy in Canada --
25 everything was devoted and dedicated to avoiding

1 extradition to Germany. And he has spent the last 10
2 years doing that.

3 36085 So he was bound and determined
4 apparently to do this, no matter what.

5 36086 MR. PRATTE: Do you know why
6 Mr. Doucet would take it upon himself to seek what you
7 have referred to as memorialization of your
8 relationship with Mr. Schreiber?

9 36087 THE RIGHT HON. BRIAN MULRONEY: I
10 don't beyond the fact that, you know, Mr. Doucet was
11 one of the people who -- he was an old friend of mine,
12 a valued friend of mine and worked with me in difficult
13 circumstances and he in the private sector
14 introduced -- I shouldn't say formally introduced me,
15 but introduced me in a more sustained way to Mr.
16 Schreiber, and perhaps he felt some responsibility for
17 what happened.

18 36088 Mr. Schreiber was not the man
19 Mr. Doucet thought he was either and now he was doing
20 and saying -- you know, making some hints that he was
21 ready to do and say anything to avoid extradition.

22 36089 That clearly involved me. I was the
23 guy that was the most prominent of the crowd, and he
24 was apparently bound and determined that he was going
25 to do and say anything that he could about me if that

1 gave him an advantage in remaining in Canada.

2 36090 He said, if I may say, I think he
3 said it in another forum I will do and say anything and
4 I will sign anything that will help me stay in Canada.

5 36091 MR. PRATTE: When was the last time
6 you spoke or met with Mr. Schreiber?

7 36092 In 2000 did you meet or speak to
8 Mr. Schreiber?

9 36093 THE RIGHT HON. BRIAN MULRONEY: I
10 don't think so. I don't know the last day.

11 36094 Well, it was -- I will tell you. It
12 would have been sometime around 2000.

13 36095 MR. PRATTE: And what was the
14 occasion of that?

15 36096 THE RIGHT HON. BRIAN MULRONEY: Well,
16 I think that is referred -- and Mr. Schreiber can
17 correct me if I'm wrong. But I think,
18 Mr. Commissioner, that this is what Mr. Schreiber has
19 referred to, I think, as a very sinister sounding Royal
20 York meeting between him and me.

21 36097 I think that was the last time.

22 36098 MR. PRATTE: What was that meeting?
23 Was that a business meeting or what was it?

24 36099 THE RIGHT HON. BRIAN MULRONEY: I
25 came out of the can in the Royal York and I ran into

1 Schreiber, who was standing there. And he shook my
2 hand and said hi and I said hi, and I went back to my
3 place.

4 36100 That was the -- I don't know if it
5 was -- I don't know if it was reported on the fifth
6 estate that he had arrived in a black limousine with
7 rocks flying all over the place. I'm not sure about
8 that.

9 36101 But I know that I was coming out of
10 the can and I ran into him. That's how sinister it
11 was.

12 36102 MR. PRATTE: Mr. Commissioner, I have
13 an indulgence to ask you, if I might, sir.

14 36103 I am very close to the end of my
15 questions and if possible, and if my friends were to
16 agree, and with your indulgence, if we could take a
17 short break, no more than 15 minutes, I could review my
18 questions and I believe conclude my examination of
19 Mr. Mulroney by 5 o'clock or so.

20 36104 I would appreciate my friends and you
21 considering that request.

22 36105 COMMISSIONER OLIPHANT: Well, I have
23 no problem with that, but I perhaps should canvass
24 other counsel.

25 36106 Mr. Vickery...?

1 36107 MR. VICKERY: No problem.

2 36108 COMMISSIONER OLIPHANT: Mr. Houston?

3 36109 MR. HOUSTON: I'm fine with it.

4 36110 COMMISSIONER OLIPHANT: You are okay

5 with it?

6 36111 Mr. Auger...?

7 36112 MR. AUGER: That's agreeable.

8 36113 COMMISSIONER OLIPHANT: Fine.

9 36114 Mr. Wolson...?

10 36115 MR. WOLSON: Of course.

11 36116 COMMISSIONER OLIPHANT: All right.

12 You want 15 minutes now?

13 36117 MR. PRATTE: That would be

14 convenient. I can review my notes and then --

15 36118 COMMISSIONER OLIPHANT: Sure.

16 36119 This sometimes is a way of avoiding a

17 lot more questions, if you have a chance to look over

18 your notes and speak to Mr. Yarosky, who we are still

19 waiting to see at the podium.

20 36120 MR. YAROSKY: I was just going to

21 volunteer, but maybe the greatest service I could do

22 you is to review his questions with him now.

23 36121 COMMISSIONER OLIPHANT: All right.

24 36122 We will come back at 20 to 5:00.

25 36123 Will that be good enough for you?

1 36124 Quarter to 5:00. We will be back at
2 quarter to 5:00.

3 36125 MR. PRATTE: Quarter to 5:00 would be
4 great.

5 36126 COMMISSIONER OLIPHANT: Okay.

6 36127 MR. PRATTE: Thank you, sir.

7 --- Upon recessing at 4:26 p.m. / Suspension à 16 h 26
8 --- Upon resuming at 4:47 p.m. / Reprise à 16 h 47

9 36128 COMMISSIONER OLIPHANT: Be seated,
10 please.

11 36129 Mr. Pratte...

12 36130 MR. PRATTE: Thank you, Mr.
13 Commissioner.

14 36131 We will need one last binder, Mr.
15 Commissioner. It's P-7, documents in support of Mr.
16 Schreiber's testimony, Binder 4. It is the
17 correspondence binder, and I will start with Tab 22,
18 Mr. Mulroney.

19 36132 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 36133 MR. PRATTE: If you go to the first
21 page of the letter --

22 36134 This is a letter that is addressed to
23 you?

24 36135 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 36136 MR. PRATTE: Could you read the

1 second paragraph, the one that starts "Fate..."

2 36137 THE RIGHT HON. BRIAN MULRONEY: "Dear

3 Brian," the first paragraph -- the second paragraph:

4 "Fate plays an important role in

5 the life of human beings. We

6 know this. Nobody can escape

7 fate. Fate has put you in my

8 opinion in a position, where you

9 are able to help the human

10 beings, especially the children

11 of North America and around the

12 world, in a dramatic way and

13 your skill may put you in a

14 special historical place and win

15 a Nobel Prize."

16 36138 MR. PRATTE: Then, I would ask you to

17 go to Tab 23.

18 36139 THE RIGHT HON. BRIAN MULRONEY: That

19 is signed, "Karlheinz Schreiber".

20 36140 MR. PRATTE: Then, would you go to

21 Tab 23 --

22 36141 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 36142 MR. PRATTE: -- and read the first

24 two paragraphs of that letter.

25 36143 THE RIGHT HON. BRIAN MULRONEY:

1 "Dear Brian,
2 Friends from around the
3 world called and told me, that
4 they never understood better
5 than now, why I like the man
6 Brian Mulroney even more than
7 the Prime Minister Brian
8 Mulroney.

9 It is the quality of the
10 human being which counts most in
11 life. Your performance at
12 president Ronald Reagan's
13 funeral `I say "au revoir" today
14 to a gifted leader, historic
15 president and gracious human
16 being' has put you to the top of
17 respect and admiration around
18 the world."

19 36144 Signed, "Karlheinz Schreiber".

20 36145 MR. PRATTE: If you go to Tab 26,
21 there is another letter addressed to you by Mr.
22 Schreiber, dated July 20th, 2006, Mr. Mulroney.

23 36146 I am going to ask you to refer to a
24 couple of paragraphs, but may I ask you first whether
25 or not you were involved in any way, directly or

1 indirectly, in procuring or initiating the writing of
2 this letter from Mr. Schreiber to you?

3 36147 THE RIGHT HON. BRIAN MULRONEY: Not
4 at all.

5 36148 MR. PRATTE: Would you go to page 2
6 and read, firstly, the third paragraph.

7 36149 THE RIGHT HON. BRIAN MULRONEY: The
8 third paragraph?

9 36150 MR. PRATTE: Let's start with the
10 third paragraph.

11 36151 THE RIGHT HON. BRIAN MULRONEY: All
12 right.

13 "May I state for the record,
14 that my testimony under oath in
15 prior legal proceedings is the
16 only correct description of our
17 business arrangement. You,
18 after returning to private life,
19 at my request, agreed to advise
20 and consult me in certain
21 business affairs."

22 36152 MR. PRATTE: Could you go on, sir?

23 36153 THE RIGHT HON. BRIAN MULRONEY:

24 "I still believe that my
25 statements in the book `The

1 Secret Trial,' together with my
2 testimony under oath at the
3 Eurocopter trial and my
4 statements to Bob Fife, have
5 made it crystal clear what my
6 position is.

7 There is no 'Airbus Affair'
8 involving Brian Mulroney and
9 furthermore there is nothing to
10 hide."

11 36154 MR. PRATTE: Go on to read the last
12 two paragraphs before the salutation.

13 36155 THE RIGHT HON. BRIAN MULRONEY:
14 "It is far too long since we had
15 lunch together. I think it is
16 wrong not to speak to each
17 other. Too many people talk too
18 much. I have not changed. I
19 have always been your friend,
20 even though I was irritated for
21 some time, which I regret. For
22 the sake of objectivity and
23 fairness, I ask you to accept my
24 apology.

25 I am happy that your health

1 is fine again: so let us clear
2 the air and bring peace to our
3 families and ourselves.

4 Yours sincerely, Karlheinz
5 Schreiber."

6 36156 MR. PRATTE: There is one last
7 letter, Mr. Mulroney. Would you go to Tab 43.

8 36157 Could you read that letter? It is
9 dated May 8th, 2007.

10 36158 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 this is a letter addressed to me.

12 "Dear Brian,

13 The conspiracy and cover-up
14 action of Prime Minister Stephen
15 Harper, Brian Mulroney, Robert
16 Douglas Nicholson, the Attorney
17 General of Canada and the IAG of
18 the Department of Justice are
19 responsible for the Proceedings
20 at the Ontario Court of Appeal
21 concerning my extradition case.

22 Please find attached a copy
23 of the letter April 3, 2007 from
24 my Lawyer Robert Hladun Q.C. to
25 The Hon. Robert D. Nicholson,

1 Minister of Justice and Attorney
2 General of Canada and the copy
3 of the letter April 27, 2007
4 from the International Legal
5 Assistance Group of the
6 Department of Justice.

7 The Minister missed his
8 chance to bring back Fundamental
9 Justice to the Department of
10 Justice and stop the improper
11 and illegal extradition case
12 against me.

13 The time has come that you
14 bring the whole battle with me
15 to a peaceful and satisfying
16 end. This is my last warning.
17 I am prepared to disclose: that
18 you received payments from GCI,
19 Frank Moores, Fred Doucet, Gary
20 Ouellet, that I was asked by
21 Fred Doucet to transfer funds to
22 your Lawyer in Geneva, (Airbus),
23 what the reason was for your
24 trip to Zuerich in 1998, that
25 you asked me through my lawyers

StenoTran

1 to commit perjury to protect
2 you, that you supported fraud
3 related to the Thyssen project
4 and more.

5 It is in your hands what is
6 going to happen. My patience
7 comes to an end.

8 Yours truly, Karlheinz
9 Schreiber."

10 36159 MR. PRATTE: What did you understand
11 by the words "It is in your hands what is going to
12 happen"?

13 36160 THE RIGHT HON. BRIAN MULRONEY: This
14 is the letter of a blackmailer, and what he was
15 threatening me with was this litany of crimes, that he
16 alleged, that would be exposed if I did not intervene
17 with Prime Minister Harper or Attorney General Rob
18 Nicholson to halt or affect his extradition case.

19 36161 It was a clear case of extortion and
20 blackmail, and it was very clear what he was going to
21 do -- what he was going to do with the false statements
22 that brought us here today.

23 36162 And I knew, when I read that letter,
24 that this was clearly what he was up to. I knew that
25 my family and I would pay a price. I took the letter

1 and sent it to my lawyer, but I was ready to pay that
2 price and much more, rather than succumb to the demands
3 of a blackmailer.

4 36163 He was asking me to do something not
5 improper, absolutely illegal, in interfering with the
6 judicial system to stop his extradition to Germany.

7 36164 He said publicly that he would do
8 anything to avoid going back to Germany, where he was
9 going to jail. He said that, and this proved it.

10 36165 So I set it aside, gave it to my
11 lawyer, and I knew full well -- I didn't know how or
12 when, but it was coming, how he was going to put this
13 together to fulfil his desire for blackmail and
14 extortion.

15 36166 Rather than ever submit to that, I
16 ignored it totally.

17 36167 MR. PRATTE: Mr. Mulroney, let me ask
18 you one last question. You have had a chance now to
19 reflect on the events that have brought you here. Let
20 me ask you directly, why did you accept cash payments
21 from Mr. Schreiber, and why did you handle them in the
22 way that you did?

23 36168 THE RIGHT HON. BRIAN MULRONEY: Mr.
24 Commissioner, I wish I could say more, but all I can
25 tell you is that what transpired represented a

1 significant error in judgment, one that I deeply
2 regret, and it's one for which I have paid dearly. It
3 would be my hope one day to encounter a Canadian who,
4 in the course of a long and busy life, has not made
5 some error of judgment of some kind. I haven't yet;
6 perhaps I will one day.

7 36169 I am not to be found, unfortunately,
8 with those who can say, at the end of their days, that
9 I have lived a full life that has been error free.

10 36170 My error is publicized. It was
11 threatened by Mr. Schreiber with his blackmail and
12 extortion. I would much rather have it come out the
13 way it has than ever succumb to this kind of threat.

14 36171 So it is one, as I say, Mr.
15 Commissioner, for which I have paid dearly, and I am
16 afraid that at the end of my testimony here I will have
17 very little to add to that.

18 36172 MR. PRATTE: Those are my questions,
19 Mr. Commissioner.

20 36173 Thank you, Mr. Mulroney.

21 36174 COMMISSIONER OLIPHANT: Thank you,
22 Mr. Pratte.

23 36175 Mr. Wolson...

24 36176 MR. WOLSON: May it please you, Mr.
25 Commissioner, I will start my cross-examination

1 tomorrow, if you would allow.

2 36177 I would like to start at 10:30 in the
3 morning. I want to review my notes and the transcript,
4 and adjust my questions accordingly.

5 36178 COMMISSIONER OLIPHANT: All right.
6 That sounds reasonable to me.

7 36179 We will adjourn for the day, then,
8 and we will commence tomorrow morning at 10:30.

9 36180 Good afternoon.

10 --- Whereupon the hearing adjourned at 4:59 p.m., to
11 resume on Thursday, May 14, 2009 at 10:30 a.m. /
12 L'audience est ajournée à 16 h 59, pour reprendre
13 le jeudi 14 mai 2009 à 10 h 30

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We hereby certify that we have accurately
transcribed the foregoing to the best of
our skills and abilities.

Nous certifions que ce qui précède est une
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Lynda Johansson Jean Desaulniers

Fiona Potvin Sue Villeneuve