

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

Tuesday, May 19, 2009

Tenue à :

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

le mardi 19 mai 2009

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1 Ottawa, Ontario / Ottawa (Ontario)
2 --- Upon resuming on Tuesday, May 19, 2009
3 at 10:00 a.m. / L'audience reprend le mardi
4 19 mai 2009 à 10 h 00

5 39969 COMMISSIONER OLIPHANT: Good morning,
6 counsel. Be seated, please.

7 PREVIOUSLY SWORN: THE RIGHT HON. BRIAN MULRONEY /
8 SOUS LE MÊME SERMENT : LE TRÈS HON. BRIAN MULRONEY

9 39970 COMMISSIONER OLIPHANT: Mr. Yarosky
10 at the podium, good morning, sir.

11 39971 MR. YAROSKY: Good morning. As you
12 know, Mr. Commissioner, I will use any excuse I can to
13 get to the podium here.

14 39972 First of all, Mr. Commissioner, we
15 all hope that you are feeling somewhat better.

16 39973 COMMISSIONER OLIPHANT: I am, thank
17 you.

18 39974 MR. YAROSKY: Good.

19 39975 Second, you asked the other day
20 whether the Commission has had its first baby and I
21 undertook to come to the podium and inform you of it.

22 39976 Apparently Mr. Philippe Lacasse's
23 wife -- he is not here today and this is why.

24 39977 COMMISSIONER OLIPHANT:
25 Understandably so.

1 39978 MR. YAROSKY: On Saturday -- Sunday
2 morning -- Sunday morning gave rise to an 8-pound baby
3 girl. So I am very pleased to be at the podium and be
4 able to advise you and everyone of it.

5 39979 COMMISSIONER OLIPHANT: Thank you
6 very much.

7 39980 MR. YAROSKY: I have done my thing
8 now.

9 39981 COMMISSIONER OLIPHANT: I'm sure that
10 everyone would join with me in extending best wishes to
11 the new baby and the family.

12 39982 Mr. Wolson...?

13 39983 MR. WOLSON: I'm sure that
14 Mr. Lacasse is pleased that he has been on national
15 television.

16 39984 I will give you an update on
17 Mr. Schreiber as well.

18 39985 In speaking with Mr. Auger,
19 Mr. Schreiber is out of the hospital, at home, but
20 convalescing slowly.

21 39986 COMMISSIONER OLIPHANT: Yes.

22 39987 MR. WOLSON: It is very unlikely that
23 he could testify this week. I would say that that is
24 not going to happen, and we will just see how he is
25 doing during the week and we will keep you posted.

1 39988 COMMISSIONER OLIPHANT: Thank you.
2 39989 I'm not sure whether any explanation
3 has been given for the delay. I was scheduled to leave
4 Winnipeg last night at 8 o'clock. I arrived at the
5 airport to take the flight. Air Canada advised me at
6 that point in time that the flight had been cancelled;
7 that the aircraft was unserviceable.
8 39990 The lady was very quick to report,
9 however, that it was not an Airbus; it was an RJ.
10 39991 So I got a flight to Toronto on
11 WestJet, stayed there at a hotel overnight and got an
12 early flight in here this morning.
13 39992 So I'm sorry. I apologize to
14 everyone for the delay, but it wasn't my fault.
15 39993 COMMISSIONER OLIPHANT: Maybe turn
16 your microphone on, sir.
17 39994 THE RIGHT HON. BRIAN MULRONEY: The
18 service was much more reliable when I was in office.
19 --- Laughter / Rires
20 EXAMINATION: THE RIGHT HON. BRIAN MULRONEY BY
21 MR. WOLSON (cont'd) / INTERROGATOIRE : LE TRÈS HON.
22 BRIAN MULRONEY PAR Me WOLSON (suite)
23 39995 MR. WOLSON: Good morning, sir.
24 39996 THE RIGHT HON. BRIAN MULRONEY: Good
25 morning, sir.

- 1 39997 MR. WOLSON: I just want to ask you a
2 number of questions confirming what you said to me on
3 Thursday and Friday of last week. Hopefully, they
4 won't take very long.
- 5 39998 The money that you received in the
6 United States was in Canadian funds?
- 7 39999 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 8 40000 MR. WOLSON: All three payments were
9 Canadian funds?
- 10 40001 THE RIGHT HON. BRIAN MULRONEY: I
11 believe so, sir.
- 12 40002 MR. WOLSON: The funds that you
13 received in the United States stayed in the United
14 States?
- 15 40003 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 sir.
- 17 40004 MR. WOLSON: You didn't bring any of
18 those monies back to Canada?
- 19 40005 THE RIGHT HON. BRIAN MULRONEY: No, I
20 did not.
- 21 40006 MR. WOLSON: Okay. You knew that if
22 you were going to bring back an amount over \$10,000 you
23 have to make a declaration of sorts, but that didn't
24 come into play?
- 25 40007 THE RIGHT HON. BRIAN MULRONEY: No.

1 And that declaration requirement I think was sometime
2 later.

3 40008 MR. WOLSON: All right. Your
4 retainer of \$225,000, there was no particular period of
5 time that the retainer was to cover? It was an
6 open-ended retainer?

7 40009 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 sir.

9 40010 MR. WOLSON: There was only one --

10 40011 THE RIGHT HON. BRIAN MULRONEY: At
11 least -- excuse me.

12 40012 MR. WOLSON: Yes...?

13 40013 THE RIGHT HON. BRIAN MULRONEY: At
14 least that's the manner in which I construed it, given
15 what had been told me.

16 40014 MR. WOLSON: All right. There was
17 only one retainer arrangement and that was never
18 renegotiated?

19 40015 THE RIGHT HON. BRIAN MULRONEY: That
20 is right. There was a request for renegotiation in
21 2000 given to Mr. Doucet but which never came to pass.

22 40016 MR. WOLSON: All right. And that was
23 something that he told us about but it never occurred?

24 40017 THE RIGHT HON. BRIAN MULRONEY: It
25 never occurred, yes.

- 1 40018 MR. WOLSON: You never declared your
2 income or this retainer to the income tax between '93
3 and '99?
- 4 40019 THE RIGHT HON. BRIAN MULRONEY: I
5 declared it when I was required to, yes, sir.
- 6 40020 MR. WOLSON: You declared it in 2000
7 by way of a voluntary disclosure.
- 8 40021 THE RIGHT HON. BRIAN MULRONEY:
9 Having initiated discussions with the tax departments
10 of Québec and Canada in 1999.
- 11 40022 MR. WOLSON: All right. The retainer
12 you received was to further the Thyssen Project or the
13 Thyssen vehicle?
- 14 40023 THE RIGHT HON. BRIAN MULRONEY: Mr.
15 Schreiber's corporate interests, which at that time I
16 principally construed as the Thyssen vehicles.
- 17 40024 MR. WOLSON: Prior to using the
18 funds, you either kept them in a safe in your home in
19 Canada, \$150,000, or the \$75,000 you received in the
20 States you kept in a box, a safety deposit box in the
21 States?
- 22 40025 THE RIGHT HON. BRIAN MULRONEY: That
23 is right.
- 24 40026 MR. WOLSON: You did use some of the
25 monies for expenses, either Canadian -- or let me ask

1 you.

2 40027 For expenses did you take some money
3 out of your safe?

4 40028 THE RIGHT HON. BRIAN MULRONEY:
5 Approximately \$45,000 was used in expenses.

6 40029 MR. WOLSON: Okay. And would that be
7 from the monies you had in your Montréal home?

8 40030 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 40031 MR. WOLSON: The money that you had
10 in the box in this States or in your safe at home in
11 Montréal, you didn't use the bulk of those funds until
12 you had made your voluntary disclosure?

13 40032 THE RIGHT HON. BRIAN MULRONEY: I
14 never used a nickel of those funds until the money
15 became mine.

16 40033 MR. WOLSON: But you did use some of
17 those funds for expenses.

18 40034 THE RIGHT HON. BRIAN MULRONEY: For
19 expenses.

20 40035 MR. WOLSON: Okay. You kept records
21 by way of a VISA or other documents to document your
22 expenses and when you made your voluntary disclosure
23 after you did that, in the ordinary course you disposed
24 of those records?

25 40036 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 because I decided not to claim any expenses. I
2 declared everything as income. I claimed no expenses
3 against the income, deducted no expenses, and paid the
4 220 -- tax on the \$225,000.

5 40037 MR. WOLSON: Did you have, in the
6 past, any other financial or business dealings with
7 Karlheinz Schreiber or any of his companies?

8 40038 THE RIGHT HON. BRIAN MULRONEY: No,
9 sir.

10 40039 MR. WOLSON: And I am assuming you
11 have no current business dealings with Karlheinz
12 Schreiber or any of his companies?

13 40040 THE RIGHT HON. BRIAN MULRONEY: That
14 is a safe assumption, sir.

15 40041 MR. WOLSON: I thought it might be.

16 40042 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 40043 MR. WOLSON: Did you have in the past
18 or do you now have any financial business dealings with
19 Karlheinz Schreiber or his companies through third
20 parties?

21 40044 THE RIGHT HON. BRIAN MULRONEY: No, I
22 do not.

23 40045 MR. WOLSON: Or third-party
24 corporations?

25 40046 THE RIGHT HON. BRIAN MULRONEY: No, I

1 do not, sir.

2 40047 MR. WOLSON: Having reviewed the
3 contacts that you had last week with Mr. Schreiber --
4 and you recall we went through a book of purported
5 contacts where we had diary entries in Schreiber's
6 diary, sometimes in Mr. Doucet's diaries, backup
7 letters. From 1987 until 1993 there were about eight
8 to ten contacts.

9 40048 You recall me raising those with you
10 last week?

11 40049 THE RIGHT HON. BRIAN MULRONEY: I do,
12 sir.

13 40050 MR. WOLSON: Then on June 3rd you met
14 with him? No question about that?

15 40051 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 40052 MR. WOLSON: Ninety-three, that is.

17 40053 THE RIGHT HON. BRIAN MULRONEY: M'hm.

18 40054 MR. WOLSON: Yes?

19 40055 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 40056 MR. WOLSON: And then you met with
21 him August 27th, '93 at Mirabel.

22 40057 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 40058 MR. WOLSON: The Queen Elizabeth
24 December 8, '93.

25 40059 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 sir.

2 40060 MR. WOLSON: And finally, December 8,
3 '94 in New York at the Pierre Hotel.

4 40061 THE RIGHT HON. BRIAN MULRONEY:
5 That's right. And then in February of '98 in Zürich.

6 40062 MR. WOLSON: And of course you had
7 met with him at Harrington Lake on the 23rd as well.

8 40063 THE RIGHT HON. BRIAN MULRONEY: That
9 is right, m'hm.

10 40064 MR. WOLSON: I'm now going to ask you
11 some questions regarding Mr. Kaplan.

12 40065 You told Mr. Kaplan -- could
13 Mr. Mulroney have the Kaplan binder, please.

14 40066 Could you turn up Tab 1, sir.

15 40067 You told --

16 40068 THE RIGHT HON. BRIAN MULRONEY:
17 Excuse me, sir.

18 40069 MR. WOLSON: Sure. Tab 1 would be
19 December 2, 1997.

20 40070 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 I have it.

22 40071 MR. WOLSON: It starts off:
23 "I was in Toronto at a Board
24 meeting."
25 40072 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 40073 MR. WOLSON: This is a note that
2 Mr. Kaplan prepared while he was writing the book
3 "Presumed Guilty", the first of the two books that he
4 wrote involving you.

5 40074 Do you recall that?

6 40075 You recall that he wrote a book --

7 40076 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 40077 MR. WOLSON: -- "Presumed Guilty"?

9 40078 THE RIGHT HON. BRIAN MULRONEY: M'hm.

10 40079 MR. WOLSON: He says in his notes,
11 the second line, that you related to him:
12 "I knew Schreiber in a
13 peripheral way."

14 40080 THE RIGHT HON. BRIAN MULRONEY: M'hm.

15 40081 MR. WOLSON:
16 "He was associated in my mind
17 with the Alberta Progressive
18 Conservatives. That was a
19 limited extent to which I knew
20 anything about him, I knew who
21 he was, and that he'd been
22 involved in Bear Head."

23 40082 That's a true statement? You told
24 Mr. Kaplan that, or words to that effect?

25 40083 THE RIGHT HON. BRIAN MULRONEY: Very

1 probably, sir.

2 40084 MR. WOLSON: Okay. You also --

3 40085 THE RIGHT HON. BRIAN MULRONEY: I

4 don't know what the -- what the question was. It

5 doesn't indicate here what the question was.

6 40086 MR. WOLSON: I understand.

7 40087 THE RIGHT HON. BRIAN MULRONEY: So I

8 don't know the extent to which the context might apply.

9 40088 MR. WOLSON: You told Mr. Sheppard --

10 and we discussed this the other day -- at page 85 of

11 the discovery:

12 "And on the infrequent occasions

13 when I would see him on

14 business, when he was promoting

15 the Tissen(sic) Project..."

16 40089 That is a statement that you made,

17 sir?

18 --- Pause

19 40090 THE RIGHT HON. BRIAN MULRONEY: Well,

20 my answer is much more complete than that, sir.

21 40091 MR. WOLSON: I appreciate that, but

22 that is part of the answer that you gave:

23 "And on the infrequent occasions

24 when I..."

25 40092 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 but as I say, the context is, and I am responding to a
2 question, sir, that says:

3 "And can you go on to describe
4 your relationship over the
5 years?"

6 40093 In office. And I say:

7 "... I came to know him as a...
8 and the people in Alberta who
9 had been his partners described
10 him as a... a hard working,
11 diligent, successful business
12 person who was very interested
13 in this particular project and
14 worked very hard to try and
15 secure its realization.
16 ... I suppose it's the same
17 thing today, any serious
18 multinational company comes to
19 see the Prime Minister or the
20 Minister of Industry and says,
21 'I can create a thousand (1,000)
22 jobs in the east and of Montreal
23 or in Cape Breton', you can bet
24 your bottom dollar that there's
25 going to be interest in that.

1 And so Mr. Schreiber was also,
2 as a German-Canadian, he was
3 extremely well-informed...
4 extremely well informed on
5 questions such as German
6 reunification which was
7 beginning in the... after
8 nineteen eighty-nine (1989) to
9 acquire a degree of importance.
10 And on the infrequent occasions
11 when I would see him on
12 business, when he was promoting
13 the Tissen(sic) Project, he
14 would raise this German
15 reunification issue and speak
16 very knowledgeably about it."

17 40094 And so on.

18 40095 MR. WOLSON: Yes. And I was only
19 interested -- and I appreciate you being clear, that
20 you did say to the examiner you saw him on business --

21 40096 THE RIGHT HON. BRIAN MULRONEY: M'hm.

22 40097 MR. WOLSON: -- on infrequent
23 occasions. That's the only point that I make.

24 40098 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 and that is fully accurate.

1 40099 MR. WOLSON: Okay. Now, you know
2 William Kaplan to be a lawyer?

3 40100 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 40101 MR. WOLSON: To be an author?

5 40102 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 40103 MR. WOLSON: And to be somewhat of a
7 legal historian. You don't challenge any of that?

8 40104 THE RIGHT HON. BRIAN MULRONEY: I was
9 not aware of the legal historian dimension to his CV,
10 but if you tell me that I will certainly accept it.

11 40105 MR. WOLSON: That is what he has told
12 us and there has been no challenge to that.

13 40106 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 40107 MR. WOLSON: He wrote his first book
15 about you and your battle with the Government of Canada
16 called "Presumed Guilty".

17 40108 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 40109 MR. WOLSON: Your spokesman, Luc
19 Lavoie, has told Mr. Kaplan that you had the highest
20 regard for Mr. Kaplan.

21 40110 THE RIGHT HON. BRIAN MULRONEY: I
22 notice that he accurately put it in the past tense.

23 40111 MR. WOLSON: Yes.

24 40112 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 40113 MR. WOLSON: You had a very high

1 regard for him --

2 40114 THE RIGHT HON. BRIAN MULRONEY: That
3 is right.

4 40115 MR. WOLSON: -- as he was writing the
5 book "Presumed Guilty"?

6 40116 THE RIGHT HON. BRIAN MULRONEY: Yes.
7 He approached the Chairman of my firm, Yves Fortier,
8 and originally Mr. MacAdam who worked for me, both of
9 whom knew him, and he asked if he could come to see me
10 and begin the process of writing a book on what he
11 referred to in his correspondence as this travesty of
12 the Airbus affair, the original one. And I was
13 disinclined to do it.

14 40117 As I indicated, I reluctantly met
15 with him and determined after a little while that he
16 was genuinely interested in this.

17 40118 He had written a book I think on
18 Mr. Justice Leo Landreville on the Northern Ontario
19 matter, natural gas matter I think, and I was impressed
20 by the meticulous research and careful writing. So I
21 agreed to see him, yeah.

22 40119 MR. WOLSON: Just turn up Tab 15 if
23 you would, please, Mr. Mulroney.

24 40120 THE RIGHT HON. BRIAN MULRONEY: Tab
25 15 of...?

1 40121 MR. WOLSON: Tab 15 of the Kaplan
2 materials.

3 40122 THE RIGHT HON. BRIAN MULRONEY: M'hm.

4 40123 MR. WOLSON: This is an interview
5 with Mr. Lavoie, who was your spokesperson and friend.

6 40124 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 40125 MR. WOLSON: That's all true, isn't
8 it?

9 40126 THE RIGHT HON. BRIAN MULRONEY:
10 Absolutely.

11 40127 MR. WOLSON: And this is Friday,
12 January 4, 2002.

13 40128 THE RIGHT HON. BRIAN MULRONEY: M'hm.

14 40129 MR. WOLSON: And if you turn to the
15 second page, you will see the very last line where
16 Mr. Lavoie -- we can read the whole sentence if you
17 like.

18 "He said that everything I wrote
19 in the book was true and that
20 when I suggested that the news
21 startled me and left me feeling
22 as if I had been manipulated..."

23 40130 This is Kaplan speaking to Lavoie:
24 "... in a cynical way he
25 insisted that it was not the

1 case..."

2 40131 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 40132 MR. WOLSON:

4 "... and Mulroney had the

5 highest regard for me."

6 40133 THE RIGHT HON. BRIAN MULRONEY: M'hm.

7 40134 MR. WOLSON: That would be a true

8 statement by Mr. Lavoie as far as you knew?

9 40135 THE RIGHT HON. BRIAN MULRONEY: I

10 think so.

11 40136 MR. WOLSON: Okay. In effect what

12 Mr. Kaplan did was he came to your defence in the book

13 and found you totally innocent of the Airbus hoax?

14 40137 THE RIGHT HON. BRIAN MULRONEY: As

15 did the Government of Canada when they apologized to me

16 and acknowledged in writing that they had never had any

17 justification of any kind to write the falsehoods about

18 me that they sent to Switzerland.

19 40138 I was completely vindicated by them

20 and by the RCMP in a letter from the Commissioner who

21 indicated, as you know, sir, that from the beginning

22 this thing had been a hoax orchestrated by Ms Stevie

23 Cameron and by Giorgio Pelossi.

24 40139 It was based on their information

25 that the letter had been sent to Switzerland so --

1 40140 MR. WOLSON: I can assure you that I
2 am not going to examine you on the hoax of Airbus. It
3 is not within our parameters, but I was more concerned
4 with the fact that Mr. Kaplan defended you and found
5 you to be innocent.

6 40141 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 40142 MR. WOLSON: And I'm only concerned
8 about Kaplan for the moment.

9 40143 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 I think that's right. And I think that, as he
11 indicated, he was seriously impressed by the facts of
12 the case obviously, and they indicated equally as
13 clearly that I was completely innocent.

14 40144 So it wasn't a big surprise to me, or
15 to anyone else, that he arrived at the same conclusion.

16 40145 MR. WOLSON: He testified in this
17 inquiry that when he received information from another
18 journalist that you had received funds from
19 Mr. Schreiber, talking about the \$300,000 -- and I know
20 there is a contest as between, or a disagreement as
21 between you and Schreiber as to the amount.

22 40146 But at least from his perspective,
23 Mr. Kaplan says when he found out that you had received
24 money from Karlheinz Schreiber, he started his own
25 investigation, which you can't speak to, but you can

1 speak to this. He did speak to you on a number of
2 occasions after that?

3 40147 THE RIGHT HON. BRIAN MULRONEY: I
4 believe he did, yes.

5 40148 MR. WOLSON: Yes. You had a friendly
6 relationship with Mr. Kaplan?

7 40149 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 40150 MR. WOLSON: If you turn to Tab 7,
9 please, and if you turn to the last page -- I'm sorry,
10 the second-last page of Tab 7, it starts off with a
11 question:

12 "Are you around next weekend?"

13 40151 Do you see that, sir? The
14 second-last page of Tab 7.

15 40152 COMMISSIONER OLIPHANT: The number 8
16 appears at the top, I believe, does it not?

17 40153 MR. WOLSON: Yes, it does.

18 40154 THE RIGHT HON. BRIAN MULRONEY: Tab 7
19 that I have, sir -- perhaps I'm wrong here. The
20 second-last page?

21 40155 MR. WOLSON: Please. And the
22 number --

23 40156 THE RIGHT HON. BRIAN MULRONEY: Yes,
24 I have that.

25 40157 MR. WOLSON: Okay.

1 40158 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 40159 MR. WOLSON: If you look at the

3 bottom of that page, Mr. Kaplan records you as saying

4 the following:

5 "If you want my cooperation..."

6 40160 And just to put this in proper

7 perspective, this is October 24, 2003.

8 40161 You can accept that. It's at the

9 beginning of the tab.

10 40162 THE RIGHT HON. BRIAN MULRONEY: What

11 date again, sir?

12 40163 MR. WOLSON: October 24, 2003.

13 40164 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 40165 MR. WOLSON: He says that you told

15 him:

16 "If you want my cooperation and

17 friendship, then you cannot be a

18 friend and an opponent at the

19 same time. That is my

20 position."

21 40166 Do you see that?

22 40167 THE RIGHT HON. BRIAN MULRONEY: And

23 it goes on to say:

24 "Obviously, I don't want to hurt

25 Karl Heinz Schreiber."

1 40168 MR. WOLSON: Yes. I understand that.
2 40169 THE RIGHT HON. BRIAN MULRONEY: Yes.
3 40170 MR. WOLSON: He has indicated that
4 you were trying to convince him not to write about the
5 \$225,000 or \$300,000.
6 40171 Do you agree with that; that you had
7 many attempts with him to try and convince him not to
8 write about it?
9 40172 THE RIGHT HON. BRIAN MULRONEY: Let's
10 go, if I can, just for completeness, Mr. Commissioner,
11 just go back a bit.
12 40173 I think Mr. -- and you can correct me
13 if I'm wrong on this, because a lot has been said and I
14 can't remember everything.
15 40174 But in much the same way as Mr.
16 Kaplan subsequently reproached Mr. Sheppard for not
17 having asked me any direct question in that regard, I
18 don't believe he asked me the question himself either.
19 I don't believe that he ever said to me in that
20 context, in that timeframe: Did you ever have a
21 commercial relationship with Mr. Schreiber and what was
22 it?
23 40175 When he asked me the question in
24 regard to the series he was writing for the Globe and
25 Mail --

1 40176 MR. WOLSON: Yes...?

2 40177 THE RIGHT HON. BRIAN MULRONEY: -- in
3 November of 2003 --

4 40178 MR. WOLSON: November 10th is the
5 article.

6 40179 THE RIGHT HON. BRIAN MULRONEY: That
7 is right. When he asked me the question, I gave him
8 the honest answer. The answer was yes. And I
9 described the relationship to him.

10 40180 But I should point out to you that
11 this may very well be in context that I won't -- I
12 suppose it's needless to anyone else, Mr. Commissioner,
13 to get into it.

14 40181 The Globe did a three-part series,
15 but there were four parts to it and the fourth part was
16 extremely important as well.

17 40182 COMMISSIONER OLIPHANT: Is that the
18 series that was written by Mr. Kaplan?

19 40183 THE RIGHT HON. BRIAN MULRONEY:
20 That's right.

21 40184 And for some unknown reason, some
22 mysterious reason, they chose not to write the
23 fourth -- or publish the fourth article.

24 40185 My disagreement with Mr. Kaplan, as I
25 remember it, Mr. Wolson, was much more about the

1 publication of the fourth article which dealt with the
2 genesis of Airbus and the things we know now, plus
3 other irrelevant matters that have not been published,
4 than anything else.

5 40186 But I can tell you, as you know --
6 and I was very disappointed when that fourth article
7 failed to be published by the Globe and Mail.

8 40187 That said, when he asked me for that
9 series, whether I had had a commercial dealing with
10 Mr. Schreiber, I said yes.

11 40188 And when he said to me was it
12 \$300,000, I said no, it was less than that.

13 40189 And when he asked me whether work had
14 been done, I said yes and described part of it. That
15 was confirmed by Mr. Schreiber.

16 40190 When he asked me what kind of
17 contract it was -- and this, too, was confirmed by
18 Mr. Schreiber -- I said it was above board in all
19 respects; that he had hired me I think as the best
20 advocate that he could hire, and that I had done the
21 work and the contract was excellent in that regard.

22 40191 I confirmed all of that. I sought to
23 hide nothing from him and that appeared that day.

24 40192 MR. WOLSON: But my question to you
25 was: Did you attempt to convince Mr. Kaplan not to

1 write about your relationship with Karlheinz Schreiber?
2 40193 Did you do that?
3 40194 THE RIGHT HON. BRIAN MULRONEY: Well,
4 obviously I would have been happier, for reasons I have
5 already indicated, had that not come out. But inasmuch
6 as I had confirmed it to him, I knew of course it was
7 going to come out.
8 40195 MR. WOLSON: Let's turn to Tab 6,
9 please.
10 40196 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 sir.
12 40197 MR. WOLSON: Tab 6 is dated the 12th
13 October 2003. At the top of the page of page 2 you ask
14 Mr. Kaplan a question:
15 "I got the impression that you
16 plan to write about Karl Heinz
17 Schreiber and me?
18 Answer from W.K.: It's part of
19 the story."
20 40198 THE RIGHT HON. BRIAN MULRONEY: M'hm.
21 40199 MR. WOLSON: Response from you:
22 "It is not part of the story at
23 all. It is a different story."
24 40200 And you go on to indicate that you
25 had been investigated, and you go on to indicate that:

1 "So if you write about this it
2 will be a big red herring that
3 will please Stevie Cameron and
4 distress myself..."

5 40201 You say those things, do you?

6 40202 THE RIGHT HON. BRIAN MULRONEY: If
7 it's there, I assume I did. But I don't -- I would
8 have to see the context of the full question and the
9 full answer, sir.

10 40203 But I have no quarrel with what you
11 have said.

12 40204 MR. WOLSON: All right. If you turn
13 to Tab 2 --

14 40205 THE RIGHT HON. BRIAN MULRONEY: May I
15 just go back, Mr. Commissioner, to the question that I
16 was asked by Mr. Wolson?

17 40206 COMMISSIONER OLIPHANT: Which tab?

18 40207 THE RIGHT HON. BRIAN MULRONEY: The
19 same tab, sir.

20 "Question from Brian Mulroney:
21 I got the impression that you
22 plan to write about Karl Heinz
23 Schreiber and me?
24 Answer from W.K: It's part of
25 the story."

1 40208 And I say:
2 "It is not part of the story at
3 all. It is a different story.
4 Don't forget that I have already
5 told you this, that I have never
6 done anything wrong or been
7 involved with anyone for any
8 improper purpose. Everything
9 has been fully legal and proper.
10 Don't forget that it has been
11 fully examined by the RCMP.
12 Don't forget also that there are
13 also certain things that ELG
14 knows that I don't know and
15 there are certain things that I
16 know..."

17 40209 Et cetera. And this is going to be a
18 big red herring for Stevie Cameron.

19 40210 Mr. Commissioner, this is in direct
20 reference to the fact that Ms Cameron and Mr. Pelossi
21 were able in 1995, September 29, 1995, to persuade the
22 RCMP to write a false libelous travesty to the
23 Government of Switzerland about me on the basis of
24 statements, all of which turned out to be false -- all
25 of which turned out to be false.

1 40211 I was, as I have indicated before,
2 simply concerned, as I suspect most people would be,
3 that the same kind of attempts by Ms Cameron and her
4 allies in the media, the fifth estate and so on, would
5 use this to try and get back at me and my family again.

6 40212 That's all.

7 40213 MR. WOLSON: So the issue -- and we
8 are not here again to discuss the Airbus, but it does
9 play a role in your mindset obviously, because having
10 been burned once you were careful after that,
11 obviously.

12 40214 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 40215 MR. WOLSON: You would agree with
14 that statement?

15 40216 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 40217 But, Mr. Commissioner, the interest
17 again of completeness, may I just say this: I have
18 read often statements coming from authorities here in
19 Ottawa that this particular Commission was granted
20 because, among other things, it is one that I had asked
21 for.

22 40218 That is a completely inaccurate
23 statement.

24 40219 On the 8th of November when I saw the
25 storm clouds rising, sir, for calls for an inquiry, I

1 issued a statement and I said in my statement: If
2 there is going to be a Commission of Inquiry
3 appointed -- there was no doubt in my mind that one
4 would be -- it must go back to 1988 and begin in 1988
5 with the Airbus matter and take in all of the
6 activities of everyone from prime ministers to
7 lobbyists to journalists that brought about this
8 travesty, and then go on to the end.

9 40220 Now, that certainly would have taken
10 in, sir - certainly would have taken in this question
11 of the relationship between Mr. Schreiber and me, but
12 that would have been, effectively, a fairly small
13 chapter in a big book, because we would have gotten,
14 probably, to the heart of this thing.

15 40221 This, in part, if I may say, sir, was
16 the subject of the fourth article of the Globe that
17 never appeared.

18 40222 So that was what I believed in, and I
19 just wanted to point out to you that every time that
20 statement is made, that Brian Mulroney asked for this
21 particular inquiry, it is an inaccurate statement. I
22 did not, sir. I am happy to be here with you and Mr.
23 Wolson -

24 40223 Happy is not the right word.

25 --- Laughter / Rires

1 40224 THE RIGHT HON. BRIAN MULRONEY: Let
2 me say that I am here.

3 40225 But when I was asked, my request was
4 to get this thing vidé - emptied once and for all, and
5 I had specifically asked that it go back to 1988 and
6 begin, and put them all in the box - all the prime
7 ministers, all the ministers of justice, all of them,
8 including the journalists, those who had sworn out
9 false information - put them all in there, and then
10 have Mr. Wolson interrogate them all, not just me and
11 Mr. Schreiber.

12 40226 MR. WOLSON: And, you know, frankly,
13 I would be pleased to do that, but that isn't our
14 mandate.

15 40227 THE RIGHT HON. BRIAN MULRONEY: I
16 understand.

17 40228 MR. WOLSON: Our mandate is a focused
18 mandate on the business and financial dealings between
19 Mr. Schreiber and you, and because there is no Airbus
20 dealing - that's your evidence -

21 40229 THE RIGHT HON. BRIAN MULRONEY: Yeah.

22 40230 MR. WOLSON: -- we are focusing,
23 then, on the money that you received from Mr.
24 Schreiber.

25 40231 I didn't ask you, and I don't plan to

1 ask you, whether you wanted an inquiry, but I would
2 like you to focus, if you will, please, sir, on the
3 issues at hand, which are the issue of the Bear Head
4 matter and the financial payments in 1993 and 1994.

5 40232 THE RIGHT HON. BRIAN MULRONEY: I am
6 happy to do so, sir.

7 40233 MR. WOLSON: Good.

8 40234 COMMISSIONER OLIPHANT: Mr. Wolson, I
9 would like to ask a question of Mr. Mulroney, if I
10 might, dealing with the page under Tab 6.

11 40235 Mr. Mulroney, I just want to have you
12 clarify, if you could, this. In that interview, at the
13 first page of the interview - and you have read it -
14 after you say, "I got the impression that you plan to
15 write about Karl Heinz Schreiber and me - "

16 40236 Do you see that at the top of the
17 page?

18 40237 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 40238 COMMISSIONER OLIPHANT: Further down
21 you say:

22 "So if you write about this it
23 will be a big red herring that
24 will please Stevie Cameron and
25 distress myself because it is a

1 false accusation because there
2 is nothing there, you can be
3 certain of that."

4 40239 A simple question: When you made
5 that statement, were you referring to your relationship
6 with Mr. Schreiber?

7 40240 THE RIGHT HON. BRIAN MULRONEY: I was
8 referring to the fact that the implication floating
9 around in Toronto was that the payments from Mr.
10 Schreiber for this contract were in some way because of
11 Airbus.

12 40241 COMMISSIONER OLIPHANT: Okay. That's
13 fine, thank you.

14 40242 MR. WOLSON: Okay, let's focus, and
15 maybe we can get through this in a timely way.

16 40243 If you would turn up Tab 2 - I am
17 going to come back to Tab 6, but let's do Tab 2 for
18 now.

19 40244 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 sir.

21 40245 MR. WOLSON: Mr. Kaplan has
22 testified - this is January 9, 2002, Tab 2. He has
23 testified that he first called and spoke with Mr.
24 Lavoie - and you can take it that he talked to Mr.
25 Lavoie on the 4th of January 2002. If you have trouble

1 with that, it's Tab 15, but I don't think you should
2 have trouble with the date that he spoke to Lavoie.

3 40246 THE RIGHT HON. BRIAN MULRONEY:

4 M'hmm.

5 40247 MR. WOLSON: He then indicates at Tab
6 2 that you called him, and he indicates that he wasn't
7 surprised that you called him, because you called him
8 on the 9th, after his conversation with Lavoie, where
9 you raised this whole issue of the taking of money.

10 40248 You say at the second line of Tab 2:

11 "To the best of my recollection,
12 during my entire life, I have
13 never done anything wrong,
14 unethical or illegal."

15 40249 That's what you tell him. Right?

16 40250 THE RIGHT HON. BRIAN MULRONEY: I
17 don't see the question, sir, there.

18 40251 MR. WOLSON: Oh, I'm sorry. Are you
19 at Tab 2?

20 40252 THE RIGHT HON. BRIAN MULRONEY: I am
21 at Tab 2, yes, and it says, "Interview with B. Mulroney
22 on January 9, 2002."

23 40253 MR. WOLSON: That's right. The first
24 line is, "He called me - "

25 40254 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 40255 MR. WOLSON: -- meaning you called
2 Mr. Kaplan -

3 40256 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 40257 MR. WOLSON: -- "which did not
5 surprise after my discussion with Luc Lavoie."

6 40258 THE RIGHT HON. BRIAN MULRONEY:
7 That's right.

8 40259 MR. WOLSON: The second line:
9 "To the best of my recollection,
10 during my entire life,..."

11 40260 -- this is you talking now:
12 "I have never done anything
13 wrong, unethical or illegal."

14 40261 Right?

15 40262 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 that's right.

17 40263 MR. WOLSON: And that is consistent
18 with you telling us the other day of your legal
19 commercial relationship with Karlheinz Schreiber.
20 Right?

21 40264 THE RIGHT HON. BRIAN MULRONEY: I
22 told you the truth, which is that I have never,
23 knowingly, done anything wrong in my entire life.

24 40265 MR. WOLSON: No, I'm not - I wish you
25 would just listen to my questions -

1 40266 THE RIGHT HON. BRIAN MULRONEY: I am
2 listening, sir.

3 40267 MR. WOLSON: I am making a statement
4 that you said the other day. You said that your
5 relationship with Mr. Schreiber was a legal
6 relationship - a legal commercial relationship.

7 40268 THE RIGHT HON. BRIAN MULRONEY: That
8 is right.

9 40269 MR. WOLSON: Okay. You say at the
10 bottom of that page:
11 "I can also tell you that I have
12 declared every cent that I have
13 ever received and I have paid
14 all income tax on all monies
15 owing."

16 40270 THE RIGHT HON. BRIAN MULRONEY: That
17 is right.

18 40271 MR. WOLSON: You declared on your
19 income tax, for three years, \$37,500 for each of three
20 years.

21 40272 That's true?

22 40273 THE RIGHT HON. BRIAN MULRONEY: I
23 referred the matter to my tax advisors in 1999. They
24 resolved the matter with the Government of Canada and
25 the Government of Quebec, and after their discussions

1 and negotiations, all I was advised of was that the
2 matter had been resolved and that certain monies were
3 to be paid, and the cheques were issued.

4 40274 That was the extent of my involvement
5 in it.

6 40275 MR. WOLSON: You don't know that you
7 declared \$37,500 for each of three years?

8 40276 THE RIGHT HON. BRIAN MULRONEY: I
9 declared whatever the amounts were, sir. I declared
10 what I was advised by the tax attorneys, and the
11 cheques were issued, and that was it.

12 40277 MR. WOLSON: But I am only asking
13 you -

14 40278 THE RIGHT HON. BRIAN MULRONEY: I had
15 no involvement whatsoever -

16 40279 MR. WOLSON: I am only asking you
17 this question: Did you -

18 40280 I'm sorry, Mr. Pratte is up.

19 40281 MR. PRATTE: I'm sorry; just to
20 clarify something, Mr. Commissioner.

21 40282 Thank you, Mr. Wolson.

22 40283 The facts are clear that the tax
23 authorities were advised that the payments made
24 totalled \$225,000, in total. Ultimately, an agreement
25 was reached with the tax authorities apprised of that

1 fact, which resulted in amendments to the income tax
2 returns, with payments of \$37,000 declared for those
3 years.

4 40284 But that was the agreement that was
5 negotiated. As the witness indicated, he was not
6 involved in that.

7 40285 I just want the record to be crystal
8 clear here. When Mr. Wolson says that the amounts
9 declared were \$37,500, that is ultimately what the
10 assessment was. No one disputes that. I think we put
11 this in by way of agreement of facts the other day.

12 40286 COMMISSIONER OLIPHANT: That is the
13 amount upon which tax was paid.

14 40287 MR. PRATTE: That's correct.

15 40288 COMMISSIONER OLIPHANT: Just while we
16 are clarifying it, let me get this straight.

17 40289 If Mr. Mulroney had earned \$75,000
18 and declared it in 1993, he would have paid tax on
19 \$75,000 presumably.

20 40290 MR. PRATTE: I assume so.

21 40291 COMMISSIONER OLIPHANT: He earned
22 \$75,000, or declared that he earned \$75,000 in '93,
23 '94, '95 - whatever the three years were -

24 40292 MR. PRATTE: Right.

25 40293 COMMISSIONER OLIPHANT: -- and ended

1 up, with a voluntary disclosure, paying tax on only
2 half of what he would have paid had he declared it in
3 the year earned?

4 40294 MR. PRATTE: Here we are entering the
5 very treacherous ground that I made my motion about,
6 sir, and I say that because the tax authorities of
7 Canada and Quebec, aware of the amounts - the total of
8 the amounts -

9 40295 COMMISSIONER OLIPHANT: I don't
10 disagree with that.

11 40296 MR. PRATTE: -- followed, as I think
12 the evidence will indicate, a practice that was then
13 prevalent in the Province of Quebec, not knowing that
14 Mr. Mulroney was the person, and applying it, and
15 simply because the years involved were, I think, what
16 they refer to as "prescribed" -

17 40297 COMMISSIONER OLIPHANT: Right.

18 40298 MR. PRATTE: -- then, ultimately,
19 signed on to an agreement where the amounts paid were
20 on \$37,500.

21 40299 I just want to be crystal clear here
22 that the tax authorities were fully aware of the total
23 received by the taxpayer - and we are talking about 225
24 because that's what the taxpayer said - and the tax
25 authorities - in fact, Mr. Mulroney was unaware, as he

1 has indicated, because he didn't get involved at all in
2 the negotiations - followed the practice that was
3 prevalent in the Province of Quebec to everybody.

4 40300 I just want to make sure there is no
5 innuendo here that the taxes were not paid, as was
6 required under the policy.

7 40301 COMMISSIONER OLIPHANT: I did not see
8 any innuendo in the question that Mr. Wolson asked.

9 40302 MR. PRATTE: Very well, then. I may
10 be oversensitive, for the reasons we have discussed
11 before, and if there was no innuendo, I gather there
12 can't be one now.

13 40303 MR. WOLSON: My question - and I am
14 going to get to the tax matters in some detail, and we
15 will deal with them in due course. My question of the
16 witness was: Were you aware that, for each of three
17 years, you declared \$37,500?

18 40304 That's my only question.

19 40305 THE RIGHT HON. BRIAN MULRONEY: No, I
20 was simply aware, having given the information to -
21 given my instructions to the tax advisors, they
22 resolved it and told me that it had been resolved to
23 the satisfaction of the tax authorities of Canada and
24 the Government of Quebec, and that the amounts - X, Y
25 and Z - were to be paid, and that's what took place.

1 40306 MR. WOLSON: All right. So you had
2 no knowledge of the fact that the declaration was for
3 not \$75,000 a year, but \$37,500.

4 40307 You had no knowledge of that.

5 40308 THE RIGHT HON. BRIAN MULRONEY: No, I
6 had no knowledge of anything in that regard.

7 40309 MR. WOLSON: When you joined your law
8 firm, Ogilvy Renault, you had an independent consulting
9 practice apart from your law practice.

10 40310 THE RIGHT HON. BRIAN MULRONEY: That
11 is right.

12 40311 MR. WOLSON: If you would turn to Tab
13 3, please, this is December 4, 2002 -

14 40312 Are you there, sir?

15 40313 THE RIGHT HON. BRIAN MULRONEY: Yes,
16 I am.

17 40314 MR. WOLSON: If you turn the page to
18 the second page, it says at the bottom of the page:
19 "He told me the following...,"
20 40315 -- meaning that you told Mr. Kaplan
21 the following:
22 "when he joined Ogilvy Renault
23 he made it clear that he would
24 have an independent
25 international consulting

1 practice. He has had such a
2 practice. The names of his
3 clients are confidential and
4 will not be released without
5 their permission."
6 40316 All of that is correct so far?
7 40317 THE RIGHT HON. BRIAN MULRONEY:
8 That's right.
9 40318 MR. WOLSON: And that is no more or
10 less than you have said already in your evidence.
11 40319 That's a true statement.
12 40320 THE RIGHT HON. BRIAN MULRONEY: That
13 is a true statement.
14 40321 MR. WOLSON: All right. And it says:
15 "If, and he emphasized the word
16 if, a client paid him in
17 cash..."
18 40322 We are now on page 3:
19 "...that would be reflected in
20 the books of the company and all
21 taxes have been paid, all income
22 declared."
23 40323 Is this transaction with Mr.
24 Schreiber on the books of your company, Cansult?
25 40324 THE RIGHT HON. BRIAN MULRONEY: As it

1 turns out, it is not, sir. I believed it was at the
2 time, and this conversation, I think, took place
3 approximately ten years later, and that was an
4 inadvertently inaccurate statement on my part.
5 Everything else in the quotations is fully accurate,
6 but that is not.

7 40325 MR. WOLSON: And Cansult is the name
8 of your company.

9 40326 THE RIGHT HON. BRIAN MULRONEY:
10 That's right, yes, sir.

11 40327 MR. WOLSON: C-A-N-S-U-L-T, or
12 something like that?

13 40328 THE RIGHT HON. BRIAN MULRONEY:
14 That's right.

15 40329 MR. WOLSON: When did you find out
16 about the Britan account?

17 40330 When did you know of the existence of
18 such an account?

19 40331 THE RIGHT HON. BRIAN MULRONEY: I
20 think, Mr. Wolson, that I first heard of the Britan
21 account in 1999. I believe that to be true. And I
22 found out about it, I think, because apparently Philip
23 Mathias, in the National Post, wrote a story the
24 morning that the fifth estate was going to air with an
25 accusation that said that Britan was Brian, and that I

1 would have been paid out of this particular account.
2 40332 I knew nothing about it, but I did
3 find out - I did see that that very day Mr. Edward
4 Greenspan, Mr. Schreiber's lawyer, wrote to the fifth
5 estate and said - and I repeat this in paraphrase: I
6 understand that you are going to air tonight with a
7 program that says Britan is Brian. If that is so, and
8 you do that, you will be committing a grave error.
9 This is a lie. It would do a great disservice to Mr.
10 Mulroney. Mr. Mulroney has nothing to do with Britan,
11 and I put you on notice right now, as Mr. Schreiber's
12 attorney, that this is the case. Britan is not Brian,
13 and to suggest that is wrong.

14 40333 MR. WOLSON: When did you find out,
15 though, that Britan was Brian - Brian Mulroney?

16 40334 Do you have a time when you found
17 that out?

18 40335 THE RIGHT HON. BRIAN MULRONEY: I
19 don't believe that Britan ever was Brian. I knew
20 nothing about it whatsoever.

21 40336 MR. WOLSON: So you never knew it.
22 You only knew what Mr. Greenspan had said, you had no
23 independent thought of it.

24 40337 THE RIGHT HON. BRIAN MULRONEY: When
25 there was testimony before you, sir, then Mr. Schreiber

1 appeared and completely repudiated what his lawyer had
2 written in 1999, and he appeared before the
3 parliamentary committee and before you and said the
4 exact opposite, that Britan was Brian.

5 40338 But, look, no one will be surprised
6 by Mr. Schreiber reversing his testimony and saying
7 whatever is convenient, because at this point in time
8 the object of the entire exercise was for him to avoid
9 extradition.

10 40339 MR. WOLSON: But, Mr. Mulroney, I am
11 only asking you a specific question, and if you could
12 focus on my question -

13 40340 THE RIGHT HON. BRIAN MULRONEY: I
14 have answered your question.

15 40341 MR. WOLSON: Did you ever know that
16 Britan wasn't Brian?

17 40342 Did you ever know that?

18 40343 THE RIGHT HON. BRIAN MULRONEY: I
19 think I have told you that I never did.

20 40344 MR. WOLSON: Okay, thank you.

21 40345 THE RIGHT HON. BRIAN MULRONEY: And
22 don't to this day.

23 40346 MR. WOLSON: All right.

24 40347 Mr. Kaplan testified and said the
25 following, which is in his book at page 161:

1 "Mulroney's unrelenting campaign
2 to persuade me not to publish
3 the story about the money for
4 one reason only - to protect his
5 reputation - was brutal,
6 heavy-handed and extremely
7 wearing."

8 40348 Were you aware of that comment by Mr.
9 Kaplan?

10 40349 THE RIGHT HON. BRIAN MULRONEY: My,
11 my, my, what a sensitive soul. He hasn't spent much
12 time in the House of Commons, I'll tell you that, or
13 anywhere else.

14 40350 We had infrequent conversations, as
15 you know, and I have already acknowledged that, for the
16 reasons I have explained, I sought to persuade him not
17 to convey that information. Although, I must repeat,
18 Mr. Wolson, that when he asked me the direct question
19 for publication in the Globe, I told him the truth. I
20 didn't deny anything, I told him the truth.

21 40351 MR. WOLSON: He testified that you
22 had called him on a number of occasions, some of which
23 he has made notes of, others that he hasn't, in and
24 around a month or so leading up to the November 10th
25 issue, when he wrote about you in the Globe and Mail -

1 that you had called him, he said, in an unrelenting
2 campaign - and I am not going to compare it to the
3 House of Commons, I have seen the activities there.
4 They are rather dramatic.

5 40352 Let's leave the House out, because
6 that's a place for only certain people.

7 40353 In this room here, I ask you: Did
8 you call Mr. Kaplan on a number of occasions prior to
9 the November 10th date, when the article appeared in
10 the paper - did you call him attempting to convince him
11 not to write about the legal commercial relationship
12 that you had with Mr. Schreiber?

13 40354 THE RIGHT HON. BRIAN MULRONEY: I
14 didn't - I have no recollection of calling him for that
15 specific objective. As you can see from the documents
16 that you have filed, much of the conversations are
17 redacted, and we were in the process - he would call me
18 from time to time. When I had a chance I would call
19 him. Various subjects in which he was interested would
20 come up, in various conversations - about his book and
21 the areas of interest that he wanted to talk about, and
22 obviously this was one of them.

23 40355 But I think I can tell you that (a)
24 that question by Mr. Kaplan was never asked in these
25 instances, but when he did ask me the question - and I

1 think it was in Toronto. I think we finally met
2 face-to-face on this, and he asked me the question, and
3 I told him the truth.

4 40356 MR. WOLSON: I am still going to ask
5 you, did you phone him a number of times, as he has
6 said, in an attempt to convince him not to publish the
7 story that he was going to publish about you receiving
8 cash payments from Mr. Schreiber?

9 40357 Did you do that?

10 40358 THE RIGHT HON. BRIAN MULRONEY: I
11 think, sir, that the manner in which that is put is
12 inaccurate. If you asked me: Did I have conversations
13 with him? Yes, sir; I think, invariably, in response
14 to calls or e-mails that he sent to me.

15 40359 I would then call him back in the
16 evening, one time - when I had some time, I would
17 return his telephone calls, and we would have a pretty
18 open conversation, yes.

19 40360 I don't deny that at all.

20 40361 MR. WOLSON: Okay. At page 1814 of
21 his testimony, which was the 23rd of April '09 -

22 40362 THE RIGHT HON. BRIAN MULRONEY: Do I
23 have that, sir?

24 40363 MR. WOLSON: You may or may not have
25 his testimony, but let me read four lines to you.

1 40364 I said to him at line 4 of page 1814:
2 "And in terms of your receiving
3 a number of calls from him, can
4 you tell the Commissioner the
5 nature of those calls in a
6 general way regarding your
7 publishing this story?"

8 40365 Mr. Kaplan then testifies:
9 "Mr. Mulroney did not want the
10 story about the cash payments to
11 become public and encouraged me
12 on a number of occasions not to
13 report on that."

14 40366 Is that an accurate statement by Mr.
15 Kaplan, as he testified before this Commission of
16 Inquiry?

17 40367 THE RIGHT HON. BRIAN MULRONEY: I
18 don't think that's an unfair statement, sir -

19 40368 MR. WOLSON: Okay, thank you.

20 40369 THE RIGHT HON. BRIAN MULRONEY: -- in
21 the context of precisely what I have told you.

22 40370 MR. WOLSON: All right.

23 40371 THE RIGHT HON. BRIAN MULRONEY: I
24 wouldn't want him or me to convey the impression that
25 he called me specifically to talk about that, or I did

1 the same.

2 40372 We had general conversations. Every
3 time that he talked - he would save up the questions
4 that he wanted to deal with in the course of a
5 conversation, he would call me, my office would tell
6 him that I could get back tonight, or I'm in Latin
7 America and I will get back next week, or whatever, and
8 we would have a fairly general conversation. And,
9 unquestionably, that matter came up in that regard, but
10 not beyond that.

11 40373 MR. WOLSON: Now, would you agree
12 with me that by 2003 things had calmed quite a bit from
13 the time of your LOR and the lawsuit that followed?

14 40374 Would that be a fair statement?

15 40375 THE RIGHT HON. BRIAN MULRONEY: It
16 was more calm, yes, sir.

17 40376 MR. WOLSON: I had asked you about
18 your testimony at the discovery on the lawsuit in
19 Montreal, and I had suggested to you that if the news
20 of a financial - a legal financial relationship between
21 you and Schreiber had come out at that inquiry, in that
22 poisoned atmosphere, that it would add fuel to an
23 already raging fire.

24 40377 Would that be a fair statement?

25 40378 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 you said that, sir.

2 40379 MR. WOLSON: And do you agree with
3 that statement?

4 40380 THE RIGHT HON. BRIAN MULRONEY: I
5 indicated, I think, in response - (a) I agree with what
6 you said, but I think, in response to that particular
7 question, I indicated, as well, that we had already
8 offered to the Government of Canada all of the - give
9 them all of the information -

10 40381 MR. WOLSON: Yes, we heard that.

11 40382 THE RIGHT HON. BRIAN MULRONEY: --
12 and they turned us down.

13 40383 MR. WOLSON: Okay. Then, let me ask
14 you this. Now, in 2003, with the climate being a lot
15 better than it was in and around the time of the LOR -

16 40384 You would agree with that; true?

17 40385 THE RIGHT HON. BRIAN MULRONEY: I
18 think that's a fair statement.

19 40386 MR. WOLSON: If the matter came out
20 that you took cash payments from Karlheinz Schreiber in
21 '03 - if the matter had come out in '03 - that would
22 have, I suppose, added to your anxiety.

23 40387 Would that be a fair statement?

24 40388 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 that's a fair statement. But the truth of the matter

1 is that Mr. Lavoie, my friend and advisor, was right.
2 Inasmuch as this was an innocent transaction, I would
3 have been well served by following his advice and
4 putting it out myself.

5 40389 It was an innocent transaction.

6 There was nothing wrong with it. It was legal. It was
7 above board. I did the work for it, I was paid for it,
8 and I declared taxes on it.

9 40390 Moreover, we had a statement from the
10 Commissioner of the RCMP, at that point, saying that I
11 was - and I am paraphrasing - completely innocent of
12 any of these accusations.

13 40391 MR. WOLSON: And you and I would
14 agree that hindsight has perfect vision -

15 40392 THE RIGHT HON. BRIAN MULRONEY: Yeah,
16 that's right. That's exactly right.

17 40393 MR. WOLSON: -- and I won't say more
18 than that, but turn to Tab 16, if you will, please.

19 40394 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 sir.

21 40395 MR. WOLSON: Tab 16 is an evening
22 that Mr. Lavoie - or, at least, part of an evening -
23 had with Mr. Kaplan.

24 40396 Would you turn to the second page.

25 40397 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 sir.

2 40398 MR. WOLSON: Mr. Lavoie is talking
3 now, according to Mr. Kaplan, and he says:

4 "He told me that Mulroney was so
5 afraid of this information
6 coming out that he panicked and
7 that explains why he kept it
8 secret."

9 40399 Is that a fair statement?

10 40400 THE RIGHT HON. BRIAN MULRONEY: I
11 assume he is referring to the original years, back
12 then. I don't know the context here, sir.

13 40401 MR. WOLSON: All right. Well, he
14 says, "He told me that Mulroney was so afraid of this
15 information coming out," and the information was the
16 taking of cash.

17 40402 As a matter of fact, you can go back
18 a page - and I don't know whether I need to read this
19 on the record, you have it there -

20 40403 THE RIGHT HON. BRIAN MULRONEY: It's
21 March 8th, '06?

22 40404 MR. WOLSON: March 8th, '06, sir,
23 yeah.

24 40405 THE RIGHT HON. BRIAN MULRONEY: Yeah.

25 40406 MR. WOLSON: And he says:

1 "However, he told me both in the
2 middle of the dinner and at the
3 end of the evening that he was."
4 40407 This is now Lavoie speaking -
5 40408 THE RIGHT HON. BRIAN MULRONEY: Yes.
6 40409 MR. WOLSON: -- that he was upset.
7 40410 He uses the words "pissed off" to
8 find out about the cash, but didn't take it personally.
9 40411 I am not looking for your comment on
10 that, but the next page:
11 "He told me that Mulroney was so
12 afraid of this information
13 coming out that he panicked and
14 that explains why he kept it
15 secret. that no one could care
16 less today even if the story
17 came out about the voluntary
18 declaration."
19 40412 So he is obviously talking about the
20 money, the cash here.
21 40413 Is that a correct statement, did you
22 panic?
23 40414 THE RIGHT HON. BRIAN MULRONEY: No,
24 of course - I didn't panic. I think that's probably an
25 infelicitous turn of phrase, but I - I certainly didn't

1 panic, but, as I have explained to you, my strong
2 preference would have been that this matter remain
3 private.

4 40415 Look, it was a private matter, in the
5 private sector, between two private individuals, after
6 I left office, without a nickel of public funds
7 involved at all. I was interested, as you would be,
8 sir, in keeping a private transaction private, that's
9 all.

10 40416 MR. WOLSON: All right.

11 40417 THE RIGHT HON. BRIAN MULRONEY: That
12 was my situation and my mindset at the time.

13 40418 MR. WOLSON: Let's turn to Tab 5, if
14 you will, please.

15 40419 Tab 5 is an interview with you, on
16 the 5th of October 2003.

17 40420 I would ask you to turn to the third
18 page, if you would, please.

19 40421 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 40422 MR. WOLSON: If you turn to the last
21 question on the page - I will read it to you.

22 40423 Are you at page 3, where it says, "Q.
23 The Mathias report."?

24 40424 Are you there?

25 40425 It's the last question on the third

1 page.

2 40426 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 40427 MR. WOLSON: All right.

4 "The Mathias report indicates

5 that Karl Heinz Schreiber gave

6 you money, that is not

7 defamatory there is nothing for

8 him to worry about in a

9 courtroom."

10 40428 Your answer - you are flipping the

11 page back. Are you with me?

12 40429 THE RIGHT HON. BRIAN MULRONEY: The

13 answer is -

14 40430 MR. WOLSON: Your answer is:

15 "What Mathias seems to know is

16 mostly false. It is a much

17 larger story. The money came to

18 Britan. This money was not for

19 me. I know who Britan was. Now

20 there is a big story for you.

21 For the moment it is not

22 relevant to my role but I know

23 that I wasn't Britan and I know

24 who Britan was."

25 40431 Is that a true statement?

1 40432 THE RIGHT HON. BRIAN MULRONEY:
2 Absolutely.

3 40433 MR. WOLSON: Who was Britan?

4 40434 THE RIGHT HON. BRIAN MULRONEY:
5 Britan - well, let's dissect this. "What Mathias seems
6 to know is mostly false. It is."

7 40435 MR. WOLSON: Now, if you would just
8 stop there, what Mathias is purporting is that you
9 received \$300,000 from Schreiber.

10 40436 THE RIGHT HON. BRIAN MULRONEY: From
11 a Britan account.

12 40437 MR. WOLSON: Yes.

13 40438 THE RIGHT HON. BRIAN MULRONEY: And
14 what I knew then, since 1999 - and this was taking
15 place, I think, in 2003 - what I knew was Mr.
16 Greenspan's letter to the fifth estate, saying very
17 firmly and categorically: Britan is not Brian.

18 40439 Inasmuch as no one had ever raised
19 the word "Britan" with me, I just assumed that Mr.
20 Greenspan, acting on instructions from his client, and
21 committing this to writing, was telling the truth. And
22 I'm sure he was, the truth as he was told by Mr.
23 Schreiber.

24 40440 So that's what I knew about Britan.
25 I knew that it was not me.

1 40441 MR. WOLSON: Who was it?

2 40442 THE RIGHT HON. BRIAN MULRONEY: I was
3 told that Britan was simply Breton, B-R-E-T-O-N, and
4 that the matter was set aside for a leading figure in
5 Breton, in Cape Breton.

6 40443 MR. WOLSON: Well, let's --

7 40444 THE RIGHT HON. BRIAN MULRONEY: And
8 inasmuch --

9 40445 MR. WOLSON: Yes...?

10 40446 THE RIGHT HON. BRIAN MULRONEY:
11 Inasmuch as -- and it was indicated to me who that
12 leading political figure might be. But inasmuch as
13 there has been so much untruths about Britan and about
14 me, I am not about to trample on his reputation the way
15 mine has been trampled upon.

16 40447 MR. WOLSON: All right. Let's in
17 fact dissect this.

18 40448 The question that he asks you:
19 "The Mathias report indicates
20 that Karl Heinz Schreiber gave
21 you money..."

22 40449 THE RIGHT HON. BRIAN MULRONEY: M'hm.

23 40450 MR. WOLSON:
24 "... that is not defamatory..."

25 40451 THE RIGHT HON. BRIAN MULRONEY: M'hm.

1 40452 MR. WOLSON:
2 "... there is nothing for him to
3 worry about in a courtroom."
4 40453 So what he is saying basically in his
5 question is (a) you got money --
6 40454 THE RIGHT HON. BRIAN MULRONEY: M'hm.
7 40455 MR. WOLSON: -- and (b) it's a legal
8 transaction.
9 40456 THE RIGHT HON. BRIAN MULRONEY: M'hm.
10 40457 MR. WOLSON: L-E-G-A-L, legal
11 transaction.
12 40458 THE RIGHT HON. BRIAN MULRONEY: Yes.
13 40459 MR. WOLSON: That is basically what
14 he is saying; right?
15 40460 THE RIGHT HON. BRIAN MULRONEY: He
16 appears to be saying that, yes.
17 40461 MR. WOLSON: You answer:
18 "What Mathias seems to know is
19 mostly false."
20 40462 THE RIGHT HON. BRIAN MULRONEY: M'hm.
21 40463 MR. WOLSON:
22 "It is a much larger story."
23 40464 So let's stop there. What he knows
24 is false.
25 40465 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 40466 MR. WOLSON: You did get money, did
2 you not?

3 40467 THE RIGHT HON. BRIAN MULRONEY: Oh,
4 but Mathias knew this and spoke about this and prepared
5 a draft for the National Post three or four years
6 earlier. There was nothing new in this.

7 40468 MR. WOLSON: Well, it's new because
8 it hadn't been published and it wasn't the story out in
9 the public venue.

10 40469 THE RIGHT HON. BRIAN MULRONEY: It
11 perhaps wasn't published, but it was rather widely
12 known in certain circles in Toronto, yes.

13 40470 MR. WOLSON: Did you know, by the
14 way, in 2001 that Mathias had prepared a story which
15 did not get published?

16 40471 Did you know that; that there had
17 been a story out there that you received cash payments
18 from Karlheinz Schreiber?

19 40472 THE RIGHT HON. BRIAN MULRONEY: I did
20 not know it then. I knew it after. I was told after.

21 40473 MR. WOLSON: After when?

22 40474 THE RIGHT HON. BRIAN MULRONEY: Oh, I
23 suppose a year or two later.

24 40475 MR. WOLSON: All right, but let's
25 then stick to this answer.

1 "What Mathias seems to know is
2 mostly false."
3 40476 THE RIGHT HON. BRIAN MULRONEY: Yes.
4 40477 MR. WOLSON: And what he knows, what
5 he has suggested, was you got money from Schreiber.
6 40478 THE RIGHT HON. BRIAN MULRONEY: No.
7 40479 MR. WOLSON: That is in the question.
8 40480 THE RIGHT HON. BRIAN MULRONEY: No.
9 No, no. What he is suggesting -- Mathias knew what you
10 have just said three years earlier.
11 40481 What Mathias -- the thrust of
12 Mathias' statement is that Britan was Brian, as I
13 understood it, as I understood the article.
14 40482 I never saw the article because it
15 was never published, but Mathias used to have an
16 association with the fifth estate. I think he worked
17 there for a number of years. And Phil Mathias, who was
18 a good journalist, apparently prepared this article in
19 which the thrust, the main thrust of which was that
20 this money came from kind of like a secret account
21 called Britan and that had been dealt with, as I have
22 described, by Mr. Greenspan.
23 40483 That was to be the main thrust and
24 indeed it turned out to be the thrust of one of the
25 many programs by the fifth estate.

1 40484 MR. WOLSON: Mr. Mulroney, the main
2 thrust I would suggest to you, sir, is that you got
3 money from Schreiber. That is the main thrust.

4 40485 Irrespective of whether it comes from
5 Britan, Breton, Brian, whomever it comes from, the main
6 thrust and your big concern, I would suggest to you, is
7 you didn't want it to be made public that you got money
8 from Schreiber.

9 40486 Is that not a correct statement?

10 40487 THE RIGHT HON. BRIAN MULRONEY: Well,
11 how could you say that, sir, when this interview
12 appears to have taken place on the 5th of October, the
13 5th of October 2003, and as I recollect that was five
14 days before Mr. Kaplan published his story --

15 40488 MR. WOLSON: No. He published it on
16 the 10th of November.

17 40489 THE RIGHT HON. BRIAN MULRONEY:
18 Fifteen days or a month and a half, whatever it was.

19 40490 And certainly I acknowledge that in
20 my conversation with him, that indeed I had received
21 the money and I explained the circumstances.

22 40491 I just fail to see, sir -- maybe I'm
23 wrong -- the mystery of this. I would have
24 acknowledged that.

25 40492 If you read the article by

1 Mr. Kaplan, you will see an acknowledgment by me. I
2 didn't deny it. I never fudged the issue. I said yes.
3 When he asked me the question, I gave him the answer.

4 40493 MR. WOLSON: So the answer that you
5 have here:

6 "What Mathias seems to know is
7 mostly false."

8 40494 And what Mathias knew was you got
9 \$300,000. Is that your response, that it is false?

10 40495 THE RIGHT HON. BRIAN MULRONEY: Well,
11 (a), that's false, I didn't get \$300,000. And Mathias'
12 main thrust was that it came from the Britan account
13 and the Schreiber parties have already denied that at
14 this point in time.

15 40496 MR. WOLSON: Okay.

16 40497 THE RIGHT HON. BRIAN MULRONEY: So
17 all I'm saying, sir, is that as reported to me, the
18 Mathias article is largely false. That's all I'm
19 saying.

20 40498 But when Mr. Kaplan asks me the
21 specific question, I tell him the truth.

22 40499 MR. WOLSON: Well, let's turn up the
23 tab to Tab 6, please.

24 40500 Tab 6 is something that we have
25 covered in part and it is October 12, 2003.

1 40501 THE RIGHT HON. BRIAN MULRONEY: M'hm.
2 40502 MR. WOLSON: Are you there?
3 40503 THE RIGHT HON. BRIAN MULRONEY: Yes,
4 sir.
5 40504 MR. WOLSON: Turn one page in to the
6 second page.
7 40505 THE RIGHT HON. BRIAN MULRONEY: M'hm.
8 40506 MR. WOLSON: It starts off with
9 "Question from Brian Mulroney".
10 40507 THE RIGHT HON. BRIAN MULRONEY: M'hm.
11 40508 MR. WOLSON: Are you on that page?
12 40509 THE RIGHT HON. BRIAN MULRONEY: Yes.
13 40510 MR. WOLSON: Okay. Let's look at the
14 last question on the page:
15 "Question from W.K.: Well,
16 there are two issues here."
17 40511 Are you with me on this, sir?
18 40512 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 40513 MR. WOLSON:
20 "The first is that it is said
21 that Karl Heinz Schreiber paid
22 you \$300,000 on four separate
23 occasions and the second issue
24 is on the transcript."
25 40514 He is talking about the transcript

1 from the discovery.

2 40515 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 40516 MR. WOLSON: You understand that?

4 40517 THE RIGHT HON. BRIAN MULRONEY: M'hm.

5 40518 MR. WOLSON:

6 "You don't indicate a commercial

7 relationship with Schreiber."

8 40519 Your answer:

9 "All that is false. His reading

10 of it might give him that

11 impression but the transcript is

12 fine."

13 40520 So you are talking about the

14 transcript of the discovery there; right?

15 40521 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 40522 MR. WOLSON: Then you say:

17 "Regarding the money, I can tell

18 you that there would be enough

19 inaccuracy in what was just said

20 to maintain a lawsuit."

21 40523 Right?

22 40524 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 40525 MR. WOLSON: What is the inaccuracy:

24 that instead of \$300,000, it was \$225,000; and instead

25 of four times, it was three times?

1 40526 Is that the inaccuracy?

2 40527 THE RIGHT HON. BRIAN MULRONEY:

3 That's the beginning of it. The context of it, the
4 suggestions that were floating about was that there was
5 something untoward in this.

6 40528 And I should tell you that when
7 Mr. Kaplan wrote his articles, after he had finished
8 his complete analysis, he, in fairness to him, stated
9 that the amount was less than \$300,000; that it was a
10 proper commercial relationship; that I had done the
11 work for the money; and that taxes had been paid on the
12 amounts received.

13 40529 This was all contained and -- and if
14 I may say with regard to the second point, sir, that he
15 raises, talking about the transcript, Mr. Kaplan
16 appears to have read this many, many times and one of
17 his principal conclusions in that article was that in
18 the hundreds of questions that the government lawyers
19 put to Mr. Mulroney, not one of them asked him whether
20 he had had a commercial transaction with Mr. Mulroney.

21 40530 And he then concluded -- I have
22 examined this seven ways to Sunday, and I have
23 concluded that there was no dishonesty or perjury of
24 any kind in his testimony.

25 40531 That is my recollection of the

1 article.

2 40532 MR. WOLSON: Well, first of all,
3 Mr. Mulroney, Mr. Kaplan, in the previous tab we looked
4 at, did not allege any legal transaction. He did not
5 allege that, nor is he alleging it here at Tab 6.

6 40533 THE RIGHT HON. BRIAN MULRONEY: That
7 is right, sir.

8 40534 MR. WOLSON: That is the first thing.

9 40535 THE RIGHT HON. BRIAN MULRONEY: I
10 acknowledge that.

11 40536 MR. WOLSON: All right.

12 40537 THE RIGHT HON. BRIAN MULRONEY: Sure.

13 40538 MR. WOLSON: Secondly, I want you to
14 look carefully at the question from Kaplan:

15 "Well, there are two issues
16 here. The first is that it is
17 said that Karl Heinz Schreiber
18 paid you \$300,000 on four
19 separate occasions and the
20 second issue is on the
21 transcript. You don't indicate
22 a commercial relationship with
23 Schreiber."

24 40539 Do you have that question?

25 40540 THE RIGHT HON. BRIAN MULRONEY: I do,

1 yes.

2 40541 MR. WOLSON: Okay. You start off on
3 the next page telling him that "the transcript is
4 fine". I am not going to press you right now on that.

5 40542 THE RIGHT HON. BRIAN MULRONEY: Yes,
6 m'hm.

7 40543 MR. WOLSON: I'm not going to probe
8 that right now.

9 40544 THE RIGHT HON. BRIAN MULRONEY: M'hm.

10 40545 MR. WOLSON: We have done that
11 before. We don't have to revisit that territory.

12 40546 THE RIGHT HON. BRIAN MULRONEY: No.

13 40547 MR. WOLSON:
14 "Regarding the money, I can tell
15 you that there would be enough
16 inaccuracy in what was just said
17 to maintain a lawsuit."
18 40548 And then you say, and we agree on
19 this:
20 "I will tell you what I have
21 told you before, everything I
22 have done is completely honest
23 and above board."
24 40549 Right?
25 40550 THE RIGHT HON. BRIAN MULRONEY:

1 "Before, during and after
2 political life."
3 40551 Yes, sir.
4 40552 MR. WOLSON: Yes. So what I'm
5 interested in is the money.
6 40553 THE RIGHT HON. BRIAN MULRONEY: M'hm.
7 40554 MR. WOLSON: So he is basically and
8 has said to you, this is an honest, legal relationship,
9 of which you agree that he has told you that?
10 40555 THE RIGHT HON. BRIAN MULRONEY: Yes.
11 40556 MR. WOLSON: So what are you going to
12 make a lawsuit about?
13 40557 THE RIGHT HON. BRIAN MULRONEY: Well,
14 the same thing I made a lawsuit of when Mr. Schreiber
15 sued me in Toronto on this kind of issue for the funds
16 and said the amount now was \$545,000.
17 40558 MR. WOLSON: No, this is \$300,000.
18 So what is the lawsuit going to be?
19 40559 THE RIGHT HON. BRIAN MULRONEY: This
20 is what -- the amount was inaccurate. He was thrown
21 out of court in Toronto and he tried again in Montréal,
22 and he had to withdraw his action in regard to the
23 amounts of money and services rendered in Montréal. He
24 lost in both provinces.
25 40560 All I'm saying -- I appear to be

1 saying here, because I don't have the complete context
2 of everything -- question from Kaplan:

3 "Well, there are two issues
4 here. The first is that it is
5 said that Karl Heinz Schreiber
6 paid you \$3,000(sic) on four
7 separate occasions..."

8 40561 MR. WOLSON: \$300,000.

9 40562 THE RIGHT HON. BRIAN MULRONEY:

10 Excuse me.

11 "... \$300,000 on four separate
12 occasions and the second issue
13 is on the transcript."

14 40563 The first statement is false.

15 40564 MR. WOLSON: We are not going to the
16 transcript again.

17 40565 THE RIGHT HON. BRIAN MULRONEY: No,
18 no. No, I'm not --

19 40566 MR. WOLSON: I'm only interested in
20 the \$300,000.

21 40567 THE RIGHT HON. BRIAN MULRONEY:

22 That's what I'm talking about.

23 40568 MR. WOLSON: Yes...?

24 40569 THE RIGHT HON. BRIAN MULRONEY: I

25 said the first statement is false. He did not pay me

1 \$300,000 and he did not pay me on four separate
2 occasions.

3 40570 And it was not included at that time
4 what subsequently appeared in the paper, that it was an
5 entirely normal contract and above board.

6 40571 COMMISSIONER OLIPHANT: Mr.
7 Mulroney...?

8 40572 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.

10 40573 COMMISSIONER OLIPHANT: Mr. Wolson
11 asked that specific question about six questions ago,
12 whether the inaccuracy to which you alluded was the
13 \$300,000 and the four payments.

14 40574 Is that the inaccuracy to which you
15 refer?

16 40575 THE RIGHT HON. BRIAN MULRONEY: That
17 is the principal inaccuracy.

18 40576 But you see, My Lord, I am at
19 somewhat of a disadvantage because I don't have the
20 context of the entire discussion that took place.

21 40577 But in regard to that, yes.

22 40578 COMMISSIONER OLIPHANT: Okay.

23 40579 MR. WOLSON: With due respect, you
24 are not admitting you got paid any money. You are
25 saying there is enough inaccuracy in the allegation

1 that you got \$300,000 that you are prepared to issue a
2 lawsuit. You are not saying that you got money.

3 40580 You didn't say: You know, Kaplan, I
4 got \$225,000, not \$300,000. You didn't tell him that?

5 40581 THE RIGHT HON. BRIAN MULRONEY: Where
6 did he then get my statement, my acknowledgment to him
7 that indeed I was paid, that he put in the newspaper on
8 November 10th, as you say?

9 40582 MR. WOLSON: He put it in the
10 newspaper based on the fact that he had a story from
11 Mathias that you didn't reject, but I'll get --

12 40583 THE RIGHT HON. BRIAN MULRONEY: Are
13 you sure of that?

14 40584 MR. WOLSON: Well, we are going to
15 get to that article and we will deal with that and
16 dissect it --

17 40585 THE RIGHT HON. BRIAN MULRONEY: Yes.
18 Yes, please.

19 40586 MR. WOLSON: -- up ways --

20 40587 THE RIGHT HON. BRIAN MULRONEY: Seven
21 ways to Sunday.

22 40588 MR. WOLSON: -- every which way to
23 Sunday.

24 40589 THE RIGHT HON. BRIAN MULRONEY: Let's
25 do that.

1 40590 COMMISSIONER OLIPHANT: Just a
2 moment, please, gentlemen.

3 40591 Mr. Pratte...?

4 40592 MR. PRATTE: I just want -- again,
5 I'm sorry to interrupt Mr. Wolson, but since we are
6 talking about what Mr. Kaplan said or testified when he
7 was here, my recollection of his evidence was crystal
8 clear: that Mr. Mulroney never denied to him -- and I
9 think he told me this explicitly when it was put to
10 him -- that there was a commercial relationship.

11 40593 So I'm slightly puzzled at this line
12 of questioning of Mr. Wolson.

13 40594 Mr. Kaplan, whose notes these are,
14 who testified before you, never intimated that when
15 confronted with this information Mr. Mulroney attempted
16 to deny that.

17 40595 What he did say, as Mr. Wolson
18 brought out, is that Mr. Mulroney then tried to
19 persuade him not to publish it for the reasons.

20 40596 But the existence of the transaction,
21 he made it crystal clear that that was never denied by
22 Mr. Mulroney or anyone else on his behalf.

23 40597 COMMISSIONER OLIPHANT: Thank you.

24 40598 Mr. Wolson...?

25 40599 MR. WOLSON: Well, I am looking at

1 Tab 6 where he says at the bottom of the second page:

2 "Well, there are two issues
3 here. The first is that it is
4 said that Karl Heinz Schreiber
5 paid you \$300,000 on four
6 separate occasions and the
7 second issue is on the
8 transcript."

9 40600 What you respond to him is there is
10 inaccuracy, enough for a lawsuit. You didn't say to
11 him: No, Mr. Kaplan, it was \$225,000, not \$300,000,
12 and it wasn't on four occasions, but three.

13 40601 MR. PRATTE: Mr. Commissioner, I have
14 a problem here.

15 40602 Mr. Kaplan was here, called as a
16 witness for the Commission. We are now trying to
17 interpret his notes made at the time. We don't have
18 the context. I appreciate that that doesn't make them
19 worthless, by any stretch of the imagination, but in my
20 respectful submission, since we are trying to divine
21 what Mr. Kaplan may have said or thought or understood
22 from Mr. Mulroney, he should have been asked then, if
23 that was a concern: Was Mr. Mulroney -- did you
24 understand him to try to deny the existence of a
25 relationship?

1 40603 He, when he was here, Mr. Kaplan made
2 it crystal clear that at no time Mr. Mulroney did he
3 try to deny that there was a commercial relationship.
4 He disputed the amounts. And Mr. Kaplan wasn't asked:
5 Put yourself back on that day; did you understand
6 Mr. Mulroney to deny the relationship?

7 40604 So now the witness is being asked in
8 effect, and the question suggests, that he may have
9 tried to mislead Mr. Kaplan into thinking there was no
10 commercial relationship.

11 40605 We can't divine that from the notes
12 when the person who made the notes said the opposite.

13 40606 COMMISSIONER OLIPHANT: Mr.
14 Wolson...?

15 40607 MR. WOLSON: Well, you know,
16 Mr. Kaplan was a witness here. I went through all of
17 these conversations with Mr. Kaplan. I don't recall
18 one question of Mr. Pratte of Mr. Kaplan on specific
19 conversations.

20 40608 I am asking him because I think I
21 must ask Mr. Mulroney. He was a party to the
22 conversation.

23 40609 I am putting the conversation that
24 Mr. Kaplan has noted and I am asking him about the
25 conversation. If I didn't do that, I would, in my

1 view, be in error. It is my duty, in fairness to this
2 witness, that I should put to him comments that
3 Mr. Kaplan has made and get the witness' position on
4 it. And that's what I'm doing.

5 40610 MR. PRATTE: That I don't dispute,
6 Mr. Commissioner, and I don't want to prolong this.

7 40611 All I'm saying is of course he can
8 cross-examine or ask questions of Mr. Mulroney to the
9 best of his recollection. But let us remember where
10 this is coming from.

11 40612 And when the author of those notes
12 said explicitly that it was never denied, that's all
13 I'm pointing out. So to try to divine from those notes
14 something that the author apparently never divined,
15 because he made it crystal clear, in answer to one of
16 my questions.

17 40613 But beyond that -- I have made my
18 point. I will not repeat it. Beyond that, I have no
19 objection to Mr. Wolson asking questions of the witness
20 in the full context.

21 40614 MR. WOLSON: Did you ask Mr. Kaplan
22 or did you tell Mr. Kaplan: Look at, Bill -- and I'm
23 assuming you called him Bill. You had a relationship
24 with him.

25 40615 THE RIGHT HON. BRIAN MULRONEY: M'hm.

1 40616 MR. WOLSON: He met with you many
2 times. Would that be correct, sir?

3 40617 You would call him by his first name?

4 40618 THE RIGHT HON. BRIAN MULRONEY:
5 That's right.

6 40619 MR. WOLSON: All right. Did you say
7 to him: Bill, you know, it wasn't \$300,000. It was
8 \$225,000 and on three occasions.

9 40620 Did you tell him that at this time
10 back on October 12, 2003 and the document that I read
11 to you?

12 40621 THE RIGHT HON. BRIAN MULRONEY: I
13 must have told him that, sir, at a given point in time,
14 because that's what he put in the paper.

15 40622 MR. WOLSON: Okay. You didn't say
16 that here, though.

17 40623 THE RIGHT HON. BRIAN MULRONEY: I
18 have no recollection of that.

19 40624 I should point out to you, you know,
20 we are on the second page here --

21 40625 MR. WOLSON: Yes. Sure.

22 40626 THE RIGHT HON. BRIAN MULRONEY: -- in
23 terms of there are two issues here, Schreiber and the
24 transcript.

25 40627 My concern was then, as I have

1 explained to you -- and go back one page. Kaplan's
2 notes.

3 40628 On the first page on the meeting on
4 October 12, 2003, he says:

5 "The second thing I was looking
6 for was anything relating to
7 Britan."

8 40629 That was one of the major points of
9 that conversation and, as I have tried to tell you, I
10 didn't have a clue about Britan and I was of the view
11 that anything -- all of these questions relating
12 thereto were false. But he came in, as I remember,
13 with a view that the denunciation of Mr. Greenspan of
14 the truthfulness of that statement was still in play,
15 and I was simply saying you can ask me all the
16 questions you want about Britan. I don't have a clue
17 about Britan. I have no idea.

18 40630 All I can tell you, as I did when he
19 ultimately asked me the specific question, I did not
20 deny that I had a relationship with him. I did not
21 deny that the amount was less than \$300,000, that work
22 was done and that taxes were paid on it.

23 40631 I think if you check the story, you
24 will see that.

25 40632 MR. WOLSON: So your response, then,

1 is that it wasn't about \$300,000 being paid from
2 Schreiber to you. It was about the source of the
3 funds, Britan, and not the monetary payment.

4 40633 Is that your response?

5 40634 THE RIGHT HON. BRIAN MULRONEY: Look,
6 he is giving me a statement directly coming from an
7 interview that he had with Mr. Schreiber. These are
8 Schreiber's -- at that point his two arguments, trying
9 to do me damage.

10 40635 He is putting out the word that it
11 was \$300,000 and that there was something wrong with my
12 transcript. We have heard testimony to that effect.

13 40636 Both of those were false. Both of
14 those statements were wrong. That's all I'm telling
15 you.

16 40637 MR. WOLSON: So you took this
17 statement to be more about the source than the fact
18 that it was money paid?

19 40638 THE RIGHT HON. BRIAN MULRONEY: He
20 didn't ask me if money was paid. He began by stating,
21 as he says:

22 "Question from W.K.: Well,
23 there are two issues here. The
24 first is that it is said that
25 Karl Heinz Schreiber paid you

1 \$300,000 on four separate
2 occasions and the second issue
3 is on the transcript."
4 40639 Both of those statements are false.
5 That is all I was saying.
6 40640 MR. WOLSON: Could you go to Tab 7,
7 please. Three back from the end, you will see it has a
8 number 7 on top.
9 40641 THE RIGHT HON. BRIAN MULRONEY: Yes,
10 sir.
11 40642 MR. WOLSON: Mr. Kaplan says to you:
12 "I accept that what happened
13 between you and Schreiber was
14 not unlawful."
15 40643 Do you see that at the bottom of page
16 7?
17 40644 THE RIGHT HON. BRIAN MULRONEY: Yes.
18 40645 Excuse me, let me just -- excuse me.
19 40646 MR. WOLSON: This is October 24,
20 2003, Tab 7.
21 40647 THE RIGHT HON. BRIAN MULRONEY: Yes,
22 sir.
23 40648 MR. WOLSON: Okay. And are you on
24 what is noted as page 7 at the top?
25 40649 THE RIGHT HON. BRIAN MULRONEY: I'm

1 on -- yes, page 7.

2 40650 MR. WOLSON: All right. Kaplan says:
3 "I accept that what happened
4 between you and Schreiber was
5 not unlawful."

6 40651 Do you see that?

7 40652 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 40653 MR. WOLSON: Your answer:
9 "Somebody has given you a wrong
10 slant on this."

11 40654 THE RIGHT HON. BRIAN MULRONEY: M'hm.

12 40655 MR. WOLSON: What is the wrong slant?
13 He is alleging that you got paid by Mr. Schreiber and
14 your response is:

15 "Somebody has given you a wrong
16 slant on this."

17 40656 What is the wrong slant?

18 40657 THE RIGHT HON. BRIAN MULRONEY: That
19 is not what he is alleging, sir. He is alleging that I
20 got paid \$300,000 on four separate occasions and that
21 there is something wrong with my transcript, namely
22 that there was perjury involved.

23 40658 This is the subtle suggestion of
24 Mr. Schreiber who, as you know, in 2007 wrote me a
25 letter of blackmail and extortion that I refused to get

1 into.

2 40659 This is the preliminary rounds
3 involving the testimony of a blackmailer, which you
4 know, because you have seen the letter.

5 40660 MR. WOLSON: So you are suggesting --

6 40661 THE RIGHT HON. BRIAN MULRONEY: I am
7 simply saying:

8 "Somebody has given you a wrong
9 slant on this."

10 40662 MR. WOLSON: And it has nothing to do
11 with the lawful, legal relationship, commercial
12 relationship.

13 40663 Isn't that what Mr. Kaplan was trying
14 to probe you about: whether or not you had a lawful,
15 legal relationship? Isn't that the whole essence of
16 these conversations?

17 40664 THE RIGHT HON. BRIAN MULRONEY: No,
18 that wasn't the whole essence. He must have known that
19 I had a lawful, legal relationship. That's what he
20 wrote. He had every reason to believe that.

21 40665 There was no evidence of any kind --
22 of any kind -- that I had ever done anything wrong in
23 my life.

24 40666 Mr. Commissioner, on July 1st this
25 country will be 142 years old. We have had 22 Prime

1 Ministers. I have been investigated more thoroughly
2 and at a greater cost than all 21 other Prime Ministers
3 combined. And yet in 2003 the RCMP wrote to me and
4 said in spite of this -- the RCMP wrote and said having
5 taken a real look at this nationally and domestically
6 and internationally, we have examined everything.
7 There is no evidence whatsoever of any wrongdoing by
8 you so no charges will of course be laid.

9 40667 So that's the context, sir, in which
10 I am responding to this.

11 40668 So how then, if that is true what I
12 told you, how did we wind up here, Mr. Commissioner?

13 40669 We wound up here on the basis of a
14 false affidavit filed on the 7th of November of which
15 you are aware. You have established, sir, that all the
16 provisions, or just about, of the affidavit are false.
17 And he threw my name in and Prime Minister Harper's
18 name in to panic the government and Parliament and
19 caused this Ethics Committee to sit and us to be here.

20 40670 But if you examine it carefully,
21 which you are in the process of doing, what was in the
22 article by Mr. Kaplan on the 10th of November is
23 essentially what has been confirmed here today.

24 40671 MR. WOLSON: Well, let me ask you
25 this question: You have told this Inquiry that when

1 you left office, you had sufficient means to take care
2 of your family and take care of business, so to speak.
3 That's true?

4 40672 THE RIGHT HON. BRIAN MULRONEY: I was
5 confident of my capacity to do that.

6 40673 MR. WOLSON: What Mr. Kaplan has told
7 us -- he has also put it in his book, and it is at page
8 1833 of the transcript, line 20.

9 40674 I will read this to you. It is just
10 four lines:

11 "'I can tell you,' Mulroney told
12 me on June 4, 1998, 'when I
13 first started out, I needed...
14 money quite badly.'"

15 40675 Is that an accurate statement that he
16 has made?

17 40676 THE RIGHT HON. BRIAN MULRONEY: Well,
18 what he may have construed from an answer is that I
19 certainly didn't have a strong cash flow. I mean I had
20 these -- these great prospects, which have turned out
21 to be even better than I had any reason to hope, from
22 the international corporations on whose boards I came
23 to sit, the Washington Speakers Bureau which was
24 tremendous.

25 40677 But in terms of having a pile of

1 cash, no.

2 40678 What I was conveying to him is what I
3 told you, sir, is that I had a lot less money coming
4 out of office than when I went in. That's all I was
5 saying.

6 40679 And it terms of an amount of money to
7 tide me over, that didn't concern me because I had good
8 bank credit and I had a senior partnership in a major
9 law firm. I had these other matters signed up, and I
10 could see that in a brief horizon I should be able to
11 look after all of my responsibilities, including my
12 family and my late mother, and so on.

13 40680 MR. WOLSON: Is the statement an
14 accurate one, that you told him on the date in question
15 that you needed money quite badly when you left office?

16 40681 THE RIGHT HON. BRIAN MULRONEY: I
17 doubt if I said that.

18 40682 MR. WOLSON: Okay.

19 40683 THE RIGHT HON. BRIAN MULRONEY: I
20 mean I have regard for Mr. Kaplan's integrity, but that
21 one I would disagree with because there was no -- it
22 would certainly be an inadvertent description of my
23 situation.

24 40684 MR. WOLSON: All right then. I'm
25 going to take you to page 1828 of Mr. Kaplan's

1 testimony when he talks about meeting with you the day
2 before the article was published. And the day before
3 was November 9th. The article was published on
4 November 10th.

5 40685 THE RIGHT HON. BRIAN MULRONEY: May I
6 see that testimony, please?

7 40686 MR. WOLSON: Just so that we have it,
8 it's April 23, 2009. It is page 1828.

9 40687 THE RIGHT HON. BRIAN MULRONEY: Page
10 1828, yes.

11 40688 MR. WOLSON: Just to put it in its
12 proper context, at line 7 you were going to meet with
13 Mr. Kaplan and according to Mr. Kaplan he asked you --
14 I'm sorry, you asked him to bring a copy of the article
15 that he was going to publish the next day, a draft of
16 that article.

17 40689 So is that an accurate statement?

18 40690 THE RIGHT HON. BRIAN MULRONEY: I
19 have no recollection of that.

20 40691 MR. WOLSON: Okay. You don't contest
21 that?

22 40692 THE RIGHT HON. BRIAN MULRONEY: Well,
23 it would be unusual for me to ask anybody to bring
24 along a draft of anything, quite frankly.

25 40693 MR. WOLSON: Okay.

1 40694 THE RIGHT HON. BRIAN MULRONEY: I
2 never saw -- I don't believe I -- even when he was
3 writing the first book, I don't think that I -- I don't
4 believe that I asked for or saw a draft of anything he
5 was doing.

6 40695 MR. WOLSON: So to the best of your
7 recollection, based on your general habit, you wouldn't
8 have done that.

9 40696 Is that your evidence?

10 40697 THE RIGHT HON. BRIAN MULRONEY: I
11 don't believe I would have done that.

12 40698 MR. WOLSON: Okay. So let's then go
13 to his evidence at line 14.

14 "Finally, there was our
15 conversation early Sunday
16 morning, November 9, 2003. I
17 was completely worn out by the
18 process of getting the series
19 ready for publication, while
20 working at my day job, and worn
21 down by his effort to stop the
22 publication of the last in a
23 series of three articles in the
24 Globe and Mail."

25 40699 And:

1 "The purpose of this
2 conversation..."

3 40700 Referring to 1829, line 2, or line 2:
4 "The purpose of this
5 conversation was, for him, to
6 address my concerns with his
7 misleading testimony at the
8 examination on discovery."

9 40701 I say at line 10:
10 "MR. WOLSON: The misleading
11 testimony that you referred to
12 was...?"

13 40702 He said:
14 "It was him suggesting that he
15 had at best a casual
16 relationship with Mr. Schreiber
17 involving the occasional cup of
18 coffee at a place like the Queen
19 Elizabeth Hotel in Montréal and
20 his evidence in which he said he
21 never had had any dealings with
22 Mr. Mulroney, and his evidence
23 further on in the examination of
24 discovery when he was talking
25 about the relationship when he

1 said, quote unquote, that was
2 it.
3 MR. WOLSON: All right."
4 40703 He continues:
5 "This was the first time, in all
6 the years I've known him..."
7 40704 So he is talking about knowing you.
8 40705 THE RIGHT HON. BRIAN MULRONEY: M'hm.
9 40706 MR. WOLSON:
10 "... and in countless
11 conversations, many lasting
12 hours..."
13 "The purpose of this
14 conversation..."
15 40707 He says was for you to address his,
16 Kaplan's:
17 "... concerns with his
18 misleading testimony..."
19 40708 And then page 1830, line 9:
20 "At some point in our
21 conversation, not long after we
22 began, Mulroney told me it was
23 not an interview. This was the
24 first time, in all the years
25 I've known him and in countless

1 conversations, many lasting
2 hours, that he had ever said
3 that. I should have said no,
4 that it was an interview and
5 that if it continued I could and
6 would feel free to quote what he
7 said. We reviewed the
8 transcript. I directed him to
9 the problems. It was an
10 emotional conversation and, at
11 the time, the stakes truly
12 seemed enormous. We both
13 believed, quite wrongly as it
14 turned out, that Canadians would
15 notice -- and care."

16 40709

Page 1831, line 11, he continues:

17 "He talked about honour. I
18 pointed out that he was not the
19 only person with honour. I had
20 sat in his house and he had told
21 me that he barely knew
22 Schreiber -- and that was not
23 true. He responded: 'I regret
24 any inconvenience that I may
25 have caused.'"

1 40710 Did you say that?

2 40711 THE RIGHT HON. BRIAN MULRONEY: I
3 have no recollection of that at all, but may I comment
4 or are you going to ask a question on specifics?

5 40712 MR. WOLSON: I was going to ask you a
6 lot of questions on this, but let me ask you this: Did
7 you say:
8 "I regret any inconvenience
9 that I may have caused."

10 40713 THE RIGHT HON. BRIAN MULRONEY: Look,
11 all I remember -- all I can remember is that you seem
12 to be focusing in on the discussion in my transcript.
13 That seems to be the thrust of it.

14 40714 Am I right on that?

15 40715 MR. WOLSON: That's what he seems to
16 be saying.

17 40716 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 40717 MR. WOLSON: Did you say:
19 "I regret any inconvenience
20 that I may have caused."

21 40718 Did you say that?

22 40719 THE RIGHT HON. BRIAN MULRONEY: Let
23 me -- let me answer the question.

24 40720 MR. WOLSON: Sure.

25 40721 THE RIGHT HON. BRIAN MULRONEY: Mr.

1 Kaplan has clearly examined, as I say, the transcript
2 seven ways to Sunday. A few days later in his final
3 article, having analyzed everything, he said what I
4 told you in paraphrase.

5 40722 I have examined the transcript.
6 Hundreds of questions were asked and not one question
7 dealt with that fundamental issue. Therefore, I
8 conclude that there was no perjury of any kind involved
9 by Mr. Mulroney. That's what he wrote.

10 40723 And if he is talking about emotional
11 conversations that took place before, you better
12 believe it. I was telling him that if somebody has
13 convinced you that I misled anyone in that court, they
14 have sold you a bill of goods. Let us take the
15 transcript item by item, question by question, as you
16 and I went through it, sir.

17 40724 Context is everything in this and I
18 think I was able to establish obviously to his
19 satisfaction that when placed in proper context,
20 notwithstanding the completely disjointed nature of the
21 examination on discovery, that I was able to prove to
22 his satisfaction that nothing was misleading.

23 40725 That is why he concluded in his
24 article that no perjury of any kind was involved.
25 That's what I recollect from this.

1 40726 MR. WOLSON: Okay. But I want to
2 bring you back to this conversation. Did you say to
3 him:
4 "I regret any inconvenience
5 that I may have caused."
6 40727 That's at page 1831, line 17.
7 40728 THE RIGHT HON. BRIAN MULRONEY: I
8 have no recollection of that whatsoever.
9 40729 MR. WOLSON: You don't deny it.
10 40730 THE RIGHT HON. BRIAN MULRONEY: What
11 I do remember is the -- let me tell you, there is
12 another thing, Mr. Commissioner.
13 40731 He talks at the beginning of this
14 about the stress on him about getting the three
15 articles ready, you know, for publication, which I can
16 understand.
17 40732 He hasn't told you something very
18 important. There were four articles and I was counting
19 very heavily on the fourth, which is why I cooperated
20 with him in regard to the others.
21 40733 He doesn't talk about the fourth
22 article. He doesn't tell you why that fourth article
23 did not appear. That is the one that interested me a
24 great deal.
25 40734 So I suppose that had any such

1 expression been made, I would have thought that he
2 would have had -- he is a great advocate for the
3 volunteering of information. I would have thought that
4 he would have had the decency to volunteer to meet
5 prior to publication: Oh, by the way, I told you there
6 were going to be four articles. I know that we have
7 amassed great information for the fourth article, but
8 by the way, Brian, we have decided not to go ahead with
9 the fourth. We are going to leave you hanging on that
10 one.

11 40735 He never made such a statement to me.

12 40736 So if there was anyone who would have
13 been apologizing for inconvenience, I would have
14 thought that it would have been him. But he never told
15 me that.

16 40737 MR. WOLSON: You see, Mr. Mulroney, I
17 can tell you that I didn't know about a fourth article,
18 but --

19 40738 THE RIGHT HON. BRIAN MULRONEY: Yeah.

20 40739 MR. WOLSON: -- but I didn't hear any
21 questions being put to him by anyone else in this room
22 that would have known about a fourth article. So I can
23 tell you that I knew of three.

24 40740 THE RIGHT HON. BRIAN MULRONEY: Mr.
25 Wolson, can I just ask?

1 40741 MR. WOLSON: Yes...?

2 40742 THE RIGHT HON. BRIAN MULRONEY: Why
3 didn't he volunteer it to the Commissioner? He is a
4 great advocate of the concept of volunteering
5 information for questions that are not asked.

6 40743 MR. WOLSON: Well, you are very --

7 40744 THE RIGHT HON. BRIAN MULRONEY: Why
8 didn't he volunteer it?

9 40745 MR. WOLSON: You are very well
10 represented and I didn't hear any of those questions.

11 40746 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 40747 MR. WOLSON: But then I come back to
13 my question at page 1831, line 17. Did you say:
14 "I regret any inconvenience
15 that I may have caused."

16 40748 THE RIGHT HON. BRIAN MULRONEY: I
17 have no -- I have told you. I have no recollection of
18 that whatsoever.

19 40749 MR. WOLSON: Okay. You deny it?

20 40750 THE RIGHT HON. BRIAN MULRONEY:
21 Excuse me, sir.

22 40751 COMMISSIONER OLIPHANT: No
23 recollection is your answer?

24 40752 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 I have no recollection of that whatsoever.

1 40753 MR. WOLSON: You don't deny it? If
2 he has it noted, you don't challenge it, or do you?
3 40754 THE RIGHT HON. BRIAN MULRONEY: I
4 just say I have no recollection of it.
5 40755 MR. WOLSON: Okay.
6 40756 THE RIGHT HON. BRIAN MULRONEY:
7 Whatsoever.
8 40757 MR. WOLSON: Line 20, page 1831:
9 "I could not believe my ears."
10 "I had trusted Brian Mulroney.
11 He had looked me in the eye. He
12 had told me the same story he
13 told the Canadian people -- the
14 same misleading story that he
15 had but a 'peripheral'
16 relationship with Karl
17 Schreiber. He regretted the
18 inconvenience?"
19 "Raising my voice for the first
20 time ever in a discussion with
21 him, I told him it was not good
22 enough. He then said, "I'm
23 sorry." Although he called my
24 house later that night, I did
25 not answer the telephone. I

1 have not spoken to Brian
2 Mulroney since.'"
3 40758 Did you say to him, as he has noted
4 here in this context at line 10, when he said:
5 "... 'I told him it was not good
6 enough.'"
7 40759 Did you say to him:
8 "... 'I'm sorry.'"
9 40760 Page 1832, line 10. You can go back
10 to line 7 for that matter.
11 40761 THE RIGHT HON. BRIAN MULRONEY: 1832,
12 I'm sorry.
13 40762 MR. WOLSON: Yes, please.
14 40763 THE RIGHT HON. BRIAN MULRONEY: Line
15 10?
16 40764 MR. WOLSON: Or go back to line 7:
17 "'Raising my voice for the first
18 time ever in a discussion with
19 him, I told him it was not good
20 enough. He then said, "I'm
21 sorry."
22 40765 Did you say that?
23 40766 THE RIGHT HON. BRIAN MULRONEY: Of
24 course not.
25 40767 MR. WOLSON: Okay.

1 "Although he called my house
2 later that night, I did not
3 answer the telephone.'"

4 40768 Did you call later that night?

5 40769 THE RIGHT HON. BRIAN MULRONEY: I
6 have no recollection of that, but I doubt it.

7 40770 MR. WOLSON: Okay.

8 40771 THE RIGHT HON. BRIAN MULRONEY: I'm
9 not saying it didn't happen. We spoke frequently.

10 40772 But this is -- this is -- this
11 apparently is about -- the context of this is about the
12 relationship with Mr. Schreiber which I had in one
13 context described as peripheral?

14 40773 That is the genesis of this?

15 40774 MR. WOLSON: It is.

16 40775 THE RIGHT HON. BRIAN MULRONEY: This
17 broken heart, that's it?

18 40776 Well, I have explained to you that
19 reality and I explained to this Court that I had -- to
20 put it in context, I had and have an intimate
21 relationship with my family, my wife and my children.
22 I have a very close relationship with friends from Baie
23 Comeau and St. FX and Ottawa and elsewhere. And my
24 advisors, like Derek Burney and Bernard Roy, I had a
25 very close relationship with them. I had a close

1 relationship with my caucus in Cabinet and many others.

2 40777 And I had what was, of necessity,
3 essentially a peripheral relationship with many, many
4 others.

5 40778 It is not a term of derision. It is
6 not a term of -- it is not a pejorative reference. It
7 is a simple statement of fact: that with regard to
8 Mr. Schreiber and many others my relationship with him
9 was essentially peripheral.

10 40779 COMMISSIONER OLIPHANT: Mr. Mulroney,
11 I think if you will recall we dealt with this once
12 before.

13 40780 THE RIGHT HON. BRIAN MULRONEY: Yes.
14 Yes.

15 40781 COMMISSIONER OLIPHANT: I asked you
16 when you used the word "peripheral", if you were
17 talking in relative terms.

18 40782 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 40783 COMMISSIONER OLIPHANT: And that was
21 clarified then.

22 40784 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 I was.

24 40785 COMMISSIONER OLIPHANT: Okay. You
25 made the point then.

1 40786 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 40787 COMMISSIONER OLIPHANT: And it need
3 not made again. Okay?

4 40788 THE RIGHT HON. BRIAN MULRONEY: Yes.
5 I will except that obviously, sir. I just wanted to
6 point out to Mr. Wolson that I had indeed made that
7 exact point that you referred to earlier.

8 40789 MR. WOLSON: As a matter of fact, on
9 that point -- and I am just going to ask you two more
10 areas and then we will take a little break.

11 40790 At page 1943 of his transcript,
12 Mr. Pratte asks him at line 14:
13 "MR. PRATTE: Okay. So in your
14 mind what cannot make it
15 peripheral is the fact he had a
16 commercial relationship after he
17 left office?"

18 40791 And this is what Mr. Kaplan says and
19 I would like your comment on it:
20 "MR. KAPLAN: What cannot make
21 it peripheral is a former Prime
22 Minister of Canada meeting with
23 someone he had dealt with in an
24 official capacity, one month
25 after he stepped down from being

1 Prime Minister, while he was
2 still a Member of Parliament,
3 meeting him in a motel, taking
4 \$100,000 in cash, taking another
5 \$100,000 in cash at a subsequent
6 meeting at the Queen Elizabeth
7 Hotel, taking a third \$100,000
8 in cash in New York City, not
9 declaring the income in the year
10 in which it was received, as
11 required by CRA, not telling the
12 Canadian people about it,
13 sending his lawyers and
14 spokespeople out to convince all
15 of us, including me, that there
16 was nothing to do with
17 Schreiber, and then not
18 providing a proper explanation
19 about what the money was for and
20 what the services were that he
21 provided."

22 40792 What do you say about that?

23 40793 THE RIGHT HON. BRIAN MULRONEY: I say
24 that some of it is inaccurate. Some of it is no doubt
25 accurate, but it's I think based on the -- and this is

1 in reference to the transcript by and large.

2 40794 Mr. Kaplan has taken offence at the
3 fact that I -- he does not accept the view that most
4 lawyers and people of law in Canada would accept that
5 your responsibility is to answer questions in court
6 that you were asked and not answer questions that you
7 were not asked. He disagrees with that.

8 40795 He thinks that if you have served as
9 Prime Minister that your obligation is to come in --
10 and I think he has explained this to you -- and to
11 volunteer information, everything that happened to be
12 ongoing at the time because you served as Prime
13 Minister.

14 40796 Does this apply to the Governor
15 General? Does this apply to the Chief Justice of the
16 Supreme Court if she is involved in litigation? Does
17 it involve Judges, Premiers and so on, because if it
18 does it is certainly, in my mind anyway, an exception
19 to Article 15 of the Charter when we are all equal
20 before the law, and no one has privileges and no one
21 has added burdens, that I am aware of, in terms of
22 testimony in court rooms.

23 40797 So I accept that there is a
24 difference of opinion with Mr. Kaplan. I am not
25 denigrating his opinion.

1 40798 I will say that I think it is a novel
2 opinion. It is not one that has been upheld in any way
3 by any of the courts.

4 40799 If I might say parenthetically,
5 Mr. Wolson, some day -- not today -- I would like to
6 hear a client of yours in a very serious trial in
7 Winnipeg say that well, you didn't ask me the question
8 but my lawyer has told me -- he has told me to tell the
9 truth and the whole truth, but you didn't ask me any
10 questions. So Mr. Wolson has told me to volunteer to
11 you the following facts in the circumstances that we
12 are aware of.

13 40800 It may be a respected school of
14 thought. It is not one that obtained in my case and I
15 have never heard of anything else. So I told the
16 truth. My lawyers had told me in these circumstances
17 tell the truth, the whole truth, answer the question
18 that you have been asked and do not volunteer any
19 information.

20 40801 He doesn't agree with it so he says
21 these things and what can I tell you.

22 40802 MR. WOLSON: And then I just have one
23 more note on Mr. Kaplan, one more question and I would
24 like your position on it, at page 1908 of the
25 transcript, line 16.

1 40803 THE RIGHT HON. BRIAN MULRONEY: I'm
2 sorry, sir, 1908?
3 40804 MR. WOLSON: 1908 is the page, line
4 16 is the line.
5 40805 Tell me when you are there.
6 40806 THE RIGHT HON. BRIAN MULRONEY: I'm
7 here.
8 40807 MR. WOLSON: All right. This is what
9 Mr. Kaplan says.
10 40808 We will go back to line 13:
11 "... I do believe he had an
12 obligation, because of the
13 public trust he enjoyed as Prime
14 Minister, to be fully
15 forthcoming.
16 Moreover, Mr. Pratte, and you
17 know, you really can accuse me
18 for being -- you can accuse me
19 of being old-fashioned, but I
20 believe that when someone is
21 Prime Minister, the public trust
22 doesn't just involve their
23 activities when they are Prime
24 Minister but it involves their
25 activities before they are Prime

1 Minister and after Prime
2 Minister."

3 40809 Do you agree with that statement?

4 40810 THE RIGHT HON. BRIAN MULRONEY: Look,
5 I'm not going to comment on anything other than the
6 entire context of this. We have just discussed what he
7 said.

8 40811 This is an opinion from a lawyer
9 practising in Toronto. You would get a dozen different
10 opinions, most of them I think sustaining the point of
11 view that I have just put out.

12 40812 I can't comment on everything that he
13 said.

14 40813 But I can, with your permission,
15 Mr. Commissioner, repeat something that is very
16 important.

17 40814 He reproaches me for not
18 volunteering. The ultimate stage of his theory would
19 have me, after two days of hearings in Montréal,
20 confronted by nine lawyers representing the Government
21 of Canada and the RCMP, not one of whom, as Mr. Kaplan
22 has written, not one of whom in the hundreds of
23 questions they asked me, not one of whom asked me about
24 a commercial relationship of any kind with
25 Mr. Schreiber.

1 40815 Remember the context which is so
2 important. The hostility 14 months later is the
3 hostility after the publication of a statement sent to
4 the Swiss government that could have had the effect of
5 destroying me, my wife, my children, my mother, my
6 father's good name. It was a massive libel against me
7 and my family.

8 40816 What was my reaction to it? My
9 reaction was not to hide. My initial reaction was to
10 send Roger Tassé to Ottawa and have Mr. Tassé, a
11 distinguished former public servant, volunteer all
12 information. Have Mr. Mulroney come up here. You can
13 ask him any questions. He will answer any questions
14 that you have in any way.

15 40817 They threw him out and they began a
16 14-month multimillion dollar assault on me based on
17 evidence provided by Stevie Cameron and Giorgio
18 Pelossi, a convicted felon; Ms Cameron by then I
19 believe a secret representative, a secret police
20 informant.

21 40818 This was the evidence on which they
22 had sent to Switzerland -- they sent to Switzerland,
23 and this is the situation that I am confronted with,
24 this hostile situation of 14 months where I walk into
25 the courtroom.

1 40819 Here is what Mr. Kaplan's theory
2 presumably would have me do: They interrogate me,
3 these nine lawyers, or two or three principal ones.
4 They interrogate me. They ask me hundreds of
5 questions. Had they asked me the question, I of course
6 would have answered truthfully, as I would have
7 volunteered probably in Ottawa to avoid this becoming
8 public. It was that important to me.

9 40820 No one asks me the question and the
10 theory is they -- Mr. Sheppard says well, Mr. Mulroney,
11 we have no more questions for you. And I say thank
12 you, and we leave.

13 40821 Mr. Kaplan's theory is that I say oh,
14 Mr. Sheppard, pardon me, you have asked me hundreds of
15 questions. You are trying to ruin me, destroy me, put
16 me in jail, but why don't you ask the following
17 question. You neglected to ask me this question.

18 40822 Harvey Yarosky, my attorney from
19 Montréal, a very distinguished lawyer who spent about
20 50 years at the Bar, said to the media: This is the
21 first time in my experience that an individual accused
22 of something is running after the police to try and get
23 the police to listen to him so that the truth will come
24 out rather than the other way around, the police
25 running after him.

1 40823 He goes up to Ottawa and says to the
2 RCMP, anything you want, documents, answers, anything,
3 I'm ready to give to you. They throw him out.

4 40824 As Harvey said, the first time in his
5 vast experience that someone is chasing the police
6 rather than the other way around.

7 40825 So I did my -- I responded to the
8 questions. I did my best. I told the truth, and
9 Mr. Kaplan has a different point of view. It is a
10 novel point of view and an exceptional point of view:
11 that the obligation not only on me, but I presume you
12 can't limit under section 15 to any public office
13 holder, or what have you, is not to answer the
14 questions truthfully but to go into a courtroom where
15 you are being accused falsely of something and
16 volunteer to the other side any degree of information
17 that might be helpful to them and for which they have
18 not sought answers.

19 40826 That is the context.

20 40827 MR. WOLSON: Can I ask you one other
21 question, please?

22 40828 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 sir.

24 40829 MR. WOLSON: Do you believe that a
25 Prime Minister must regard the public trust when he is

1 a Prime Minister?

2 40830 THE RIGHT HON. BRIAN MULRONEY: I'm
3 sorry, what's the --

4 40831 MR. WOLSON: Do you believe that a
5 Prime Minister has to consider the public trust when he
6 is Prime Minister?

7 40832 THE RIGHT HON. BRIAN MULRONEY:
8 Absolutely.

9 40833 MR. WOLSON: Do you believe that he
10 has to consider the public trust shortly after leaving
11 office?

12 40834 THE RIGHT HON. BRIAN MULRONEY: Yes,
13 I do, which is why I refused and would never accept a
14 mandate to lobby the Government of Canada or to do any
15 business with the Government of Canada, which I never
16 did, or the Government of Québec or any provincial
17 government, or the government of any municipalities,
18 anything.

19 40835 This was a transaction involving two
20 people in the private sector after I had left office, a
21 limited transaction internationally for which I was
22 paid \$225,000 and on which tax was paid.

23 40836 It involved not a nickel of public
24 funds in any way. The transaction was above board. My
25 testimony was above board. No accusations of any kind

1 after 21 years of investigation, no accusations and
2 false rumours on which they were based, no accusation
3 of any kind was ever laid against me, nor will there
4 be, and I think I can tell you why: because I have
5 never knowingly ever done anything wrong in my life.

6 40837 MR. WOLSON: So the answer to my
7 question is that when you are in office there is an
8 issue of public trust.

9 40838 You agree with that?

10 40839 THE RIGHT HON. BRIAN MULRONEY:
11 Absolutely.

12 40840 MR. WOLSON: When you are out of
13 office, there is an issue of public trust as well?

14 40841 THE RIGHT HON. BRIAN MULRONEY: Well,
15 my answer to that --

16 40842 MR. WOLSON: That's the only question
17 that I ask you.

18 40843 THE RIGHT HON. BRIAN MULRONEY: My
19 answer to that is yes, sir.

20 40844 MR. WOLSON: All right.

21 40845 THE RIGHT HON. BRIAN MULRONEY: But I
22 think it is governed to some extent by convention
23 and/or comments, commentary and/or rules and
24 regulations that might exist.

25 40846 MR. WOLSON: Thank you, sir.

1 40847 THE RIGHT HON. BRIAN MULRONEY: Thank
2 you.

3 40848 MR. WOLSON: We can take perhaps the
4 morning break. I still have a number of questions.

5 40849 I'm sorry to tell you this. I still
6 have a number of questions to ask you, but I don't
7 expect to be questioning you on Mr. Kaplan, with
8 perhaps one exception.

9 40850 So if this is convenient,
10 Mr. Commissioner -- I know it is five to 12:00. I
11 would very much, if I possibly could, like to finish my
12 questions of Mr. Mulroney today.

13 40851 I have been asking him questions for
14 three days. I think he would love me to sit down and
15 be quiet and I would like nothing more than to do that.

16 40852 I hope you are not going to comment
17 on that, but you might.

18 40853 So I have --

19 40854 THE RIGHT HON. BRIAN MULRONEY: I
20 would simply like to know, Mr. Commissioner, for my
21 own -- I have been here five days and I would simply
22 like to know -- and I'm not offending anybody I don't
23 think by saying that there has been a fair amount of
24 re-asking of questions and so on, which is okay. But I
25 would just like to know when my wife and I can leave

1 and move on to do other things.

2 40855 MR. WOLSON: I am hoping, sir, to be
3 finished today.

4 40856 THE RIGHT HON. BRIAN MULRONEY: M'hm.

5 40857 MR. WOLSON: There has been, you say,
6 a lot of re-asking --

7 40858 THE RIGHT HON. BRIAN MULRONEY: I
8 understand.

9 40859 MR. WOLSON: -- and a lot of
10 re-answering. So I know -- at least I can assure you
11 from my perspective that I do everything with you with
12 respect.

13 40860 THE RIGHT HON. BRIAN MULRONEY: M'hm.

14 40861 MR. WOLSON: But that said, I have 20
15 pages more of questions. I hope I can finish today,
16 but we may need to extend the day a wee bit, if that
17 works for all the other parties and for the witness and
18 for you, Mr. Commissioner.

19 40862 COMMISSIONER OLIPHANT: Mr.
20 Pratte...?

21 40863 MR. PRATTE: I just wondered,
22 Mr. Commissioner, whether you would allow counsel to
23 discuss the timetable a little bit for the balance of
24 the day.

25 40864 COMMISSIONER OLIPHANT: Absolutely.

1 40865 MR. PRATTE: And whether or not that
2 might include taking a shorter break.

3 40866 So I don't know whether you want to
4 do this before we actually fix the --

5 40867 COMMISSIONER OLIPHANT: Well, let me
6 ask the question. We started at 10:00. It's 12:00
7 now. Do you want to take a short morning break and
8 come back or do you want to take a shorter lunch break,
9 say from 12:00 until 1:00?

10 40868 MR. PRATTE: I just wonder whether,
11 Mr. Commissioner, without necessarily emptying the
12 room, whether counsel might just meet for two minutes
13 and we could tell you, because I can say my preference
14 and then we will be negotiating this.

15 40869 COMMISSIONER OLIPHANT: Okay. All
16 right. Well, rather than emptying the room, we will do
17 that.

18 40870 But before we do that I'm not sure,
19 Mr. Wolson, what area you wish to cover with
20 Mr. Mulroney regarding Mr. Kaplan.

21 40871 Does it have anything to do with the
22 articles, because I am concerned about learning for the
23 first time today about this fourth article.

24 40872 Will you be delving into that?

25 40873 MR. WOLSON: Well, I learned of it

1 myself today, so --

2 40874 COMMISSIONER OLIPHANT: You see, I
3 just have a couple of questions. I would like to ask
4 you about that because this has caught me by surprise.

5 40875 You told Mr. Wolson earlier that you
6 don't ask people who write articles about you to show
7 you the articles. That is not your style.

8 40876 THE RIGHT HON. BRIAN MULRONEY:
9 That's right.

10 40877 COMMISSIONER OLIPHANT: How did you
11 know there was a fourth article?

12 40878 THE RIGHT HON. BRIAN MULRONEY:
13 Because I was aware of the information that gave rise
14 to it, and that information was conveyed to Mr. Kaplan
15 by independent third parties who were involved in this
16 and it was conveyed to others as well.

17 40879 COMMISSIONER OLIPHANT: But just a
18 second. Did you assume by virtue of the fact that
19 other information had been conveyed that he had written
20 a fourth article or do you know for sure that he did?

21 40880 It is an important question because
22 Mr. Kaplan was served with a subpoena.

23 40881 THE RIGHT HON. BRIAN MULRONEY: M'hm.

24 40882 COMMISSIONER OLIPHANT: And we are
25 hearing about this for the first time.

1 40883 THE RIGHT HON. BRIAN MULRONEY: Mr.
2 Commissioner, I will tell you this. I don't know the
3 answers to your question, but I can tell you this:
4 Given the nature of the information of which they were
5 aware, you can reasonably conclude that another article
6 was coming very quickly.

7 40884 COMMISSIONER OLIPHANT: But that's
8 the danger of circumstantial evidence, where you draw a
9 conclusion based on known facts. The conclusion can be
10 wrong.

11 40885 So are you telling me, Mr.
12 Mulroney -- and I'm asking you this seriously: Do you
13 know that Mr. Kaplan wrote a fourth article or are you
14 concluding that reasonably based on information that
15 you have?

16 40886 THE RIGHT HON. BRIAN MULRONEY: He
17 didn't convey to me that he had written any of the
18 three articles. I knew that a story was coming. And I
19 reasonably concluded, as would I think you, that given
20 the information that he had and was conveyed to the
21 Globe and Mail as well, that this major fourth article
22 would also appear.

23 40887 I think that -- I hope that answers
24 your question.

25 40888 COMMISSIONER OLIPHANT: Just a last

1 question. You never saw a fourth article in rough
2 draft or manuscript?

3 40889 THE RIGHT HON. BRIAN MULRONEY: No, I
4 did not.

5 40890 COMMISSIONER OLIPHANT: Okay.

6 40891 MR. WOLSON: Just before we break, I
7 have one last question, and it is in fairness to the
8 witness because it should be out there and what is fair
9 is fair.

10 40892 So I'm just going to read -- and I
11 would just read one line. I don't think you need it in
12 front of you, but it is consistent with what you have
13 said, sir. So I want to put it on the record in
14 fairness to you.

15 40893 It is from the third page of the
16 article of the 10th November and it says this:

17 "Asking for Mulroney's side of
18 the story was the first step.
19 Eventually he explained that
20 Schreiber had paid him the
21 money -- though he disputes the
22 amount -- for his assistance in
23 promoting a fresh-cooked pasta
24 business Schreiber had started
25 in Canada as well as his

1 international interests."
2 40894 So it should come out clearly, as you
3 have said, that he noted that you told him of the
4 money. That should come out.
5 40895 THE RIGHT HON. BRIAN MULRONEY:
6 That's right.
7 40896 MR. WOLSON: There should be no
8 misunderstanding about that.
9 40897 And then I have to ask you one last
10 question on Mr. Kaplan and then we can throw away the
11 book on Mr. Kaplan for now, both.
12 40898 Well, this is the question: He says:
13 "Eventually he explained that
14 Schreiber had paid him the
15 money..."
16 40899 And that is the point you have made.
17 40900 THE RIGHT HON. BRIAN MULRONEY: Yes.
18 40901 MR. WOLSON:
19 "... though he disputes the
20 amount..."
21 40902 That is also a point you made.
22 40903 THE RIGHT HON. BRIAN MULRONEY: Yes.
23 40904 MR. WOLSON:
24 "... for his assistance in
25 promoting a fresh-cooked pasta

1 business Schreiber had started
2 in Canada as well as his
3 international interests."

4 40905 Did you tell Kaplan that the money
5 was for pasta or did you tell him the money was for
6 Thyssen?

7 40906 THE RIGHT HON. BRIAN MULRONEY:
8 Thyssen.

9 40907 MR. WOLSON: Okay.

10 40908 THE RIGHT HON. BRIAN MULRONEY: He
11 also, if that is a quote of the article,
12 Mr. Commissioner, I think he goes on to say that
13 Mr. Schreiber confirmed to him that it was a perfectly
14 legal contract, above board, for professional services
15 to be rendered; that I rendered the services to his
16 satisfaction.

17 40909 And then he concludes by saying I
18 carefully examined the transcript with regard to the
19 second point he raised. The transcript is clean.
20 There was no perjury of any kind involved.

21 40910 That is my recollection. Thank you
22 very much.

23 40911 COMMISSIONER OLIPHANT: Okay. Thank
24 you very much.

25 40912 Now, counsel, do you want to just

1 confer here at the table, you said without emptying the
2 room, Mr. Pratte?

3 40913 MR. PRATTE: Well, it's just,
4 Mr. Commissioner, to decide on the balance of the
5 schedule before you depart and whether we take a break
6 now and a shorter lunch, and that kind of thing.

7 40914 COMMISSIONER OLIPHANT: Why don't you
8 just all get together and confer.

9 40915 MR. PRATTE: Thank you, sir.

10 40916 COMMISSIONER OLIPHANT: We will just
11 relax for a minute here.

12 --- Pause

13 40917 MR. WOLSON: Why don't we just stand
14 down for five minutes so that Mr. Mulroney could relax,
15 not sitting in that seat.

16 40918 COMMISSIONER OLIPHANT: All right,
17 fine.

18 40919 We will recess for five minutes. I
19 will just wait back in the hall here.

20 --- Upon recessing at 12:00 p.m. / Suspension à 12 h 00

21 --- Upon resuming at 12:15 p.m. / Reprise à 12 h 15

22 40920 COMMISSIONER OLIPHANT: Be seated,
23 please.

24 40921 Mr. Wolson.

25 40922 MR. WOLSON: The situation is this.

1 If we could finish today by six o'clock, all parties -
2 and I have spoken to you, obviously. You would be
3 prepared to sit until six.

4 40923 I suppose it will depend on when I
5 finish, and then Mr. Auger will have to assess how much
6 time he needs, but if he and I could finish by six,
7 then I think all parties would be agreeable to that.
8 Then, Mr. Mulroney wouldn't have to come back.

9 40924 But let's just see, if we start at
10 1:30, an hour and 15 for lunch, where we are at, say,
11 by three o'clock or so.

12 40925 I can tell you that I had 28 pages of
13 questions, and I have done 8.

14 40926 COMMISSIONER OLIPHANT: Six o'clock
15 on what day did you want to finish?

16 --- Laughter / Rires

17 40927 MR. WOLSON: I am waiting for summer
18 in Ottawa, but today is the day.

19 40928 COMMISSIONER OLIPHANT: It could be
20 fall by the time you get through.

21 --- Laughter / Rires

22 40929 MR. WOLSON: I can only tell you that
23 the idea is to finish today, but if we can't, we can't.

24 40930 COMMISSIONER OLIPHANT: That's fine,
25 but it's crucial that no counsel - and I don't know

1 what the intentions of other counsel are, but it is
2 crucial that nobody feel hurried in terms of the time
3 for cross-examining. I want to make that clear.

4 40931 I want to convenience Mr. Mulroney as
5 much as I can, but, at the same time, in fairness to
6 counsel that wish to cross-examine, they have to be
7 given the time that they need.

8 40932 So we will break now until 1:30, and
9 the plan is that we will go until six o'clock, and I
10 understand that that is in keeping with everybody's
11 line of thinking.

12 40933 MR. WOLSON: Again, only if we are
13 going to finish today.

14 40934 COMMISSIONER OLIPHANT: Only if we
15 are going to finish today.

16 40935 MR. WOLSON: If I am until 4:30 with
17 the witness, and Mr. Auger thinks he has two hours or
18 two and a half hours, then there is no point in
19 starting.

20 40936 COMMISSIONER OLIPHANT: Okay. We
21 will see how things develop during the course of the
22 afternoon. In the meantime, we will break now until
23 1:30 this afternoon.

24 --- Upon recessing at 12:18 p.m. / Suspension à 12 h 18

25 --- Upon resuming at 1:43 p.m. / Reprise à 13 h 43

1 40937 COMMISSIONER OLIPHANT: Be seated,
2 please.

3 40938 Mr. Wolson...

4 40939 MR. WOLSON: Mr. Mulroney, I am now
5 going to turn to another area, and it is the area of
6 what services you performed on behalf of your retainer.

7 40940 Is it your evidence that at the
8 meeting at the New York Pierre Hotel on December 8,
9 1994, you detailed your time regarding the services you
10 had done for Mr. Schreiber?

11 40941 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 40942 MR. WOLSON: And I take it that,
13 basically, in terms of this retainer, after that
14 meeting --

15 40943 Did you have other services that you
16 provided for him on the retainer?

17 40944 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 40945 MR. WOLSON: What did you do after
19 the New York Pierre Hotel, December 8th, '94 -- what
20 services did you do?

21 40946 THE RIGHT HON. BRIAN MULRONEY: I had
22 a meeting with President Mitterrand. I had, at least,
23 another meeting with President Mitterrand.

24 40947 MR. WOLSON: So you had a second
25 meeting with Mitterrand?

1 40948 THE RIGHT HON. BRIAN MULRONEY: Yes.
2 40949 MR. WOLSON: Do you know when that
3 was?
4 40950 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 in October 1995.
6 40951 MR. WOLSON: October of '95?
7 40952 THE RIGHT HON. BRIAN MULRONEY: Yes.
8 40953 MR. WOLSON: You know what Mr.
9 Schreiber's evidence is from the New York meeting.
10 40954 I will just highlight it for you, and
11 I would like your response to it.
12 40955 I think I know what your response is,
13 but we should have it on the record.
14 40956 Mr. Schreiber has said that the
15 retainer was a domestic one, not an international one.
16 40957 Your, hopefully, brief answer on
17 that...?
18 40958 THE RIGHT HON. BRIAN MULRONEY:
19 False.
20 40959 MR. WOLSON: That's pretty brief.
21 40960 THE RIGHT HON. BRIAN MULRONEY: Brief
22 and accurate is what you want, sir.
23 40961 MR. WOLSON: I do, absolutely.
24 40962 THE RIGHT HON. BRIAN MULRONEY:
25 That's both.

1 40963 MR. WOLSON: He says that at no time
2 did you tell him at that meeting what you had done for
3 him up until that point.

4 40964 THE RIGHT HON. BRIAN MULRONEY: That,
5 too, is false.

6 40965 MR. WOLSON: He said that it is
7 totally incredible, or words to that effect -- I am
8 paraphrasing now -- that you would even think of
9 selling or promoting Thyssen to communist countries.

10 40966 THE RIGHT HON. BRIAN MULRONEY: Well,
11 it wasn't my intention to promote or sell Thyssen to
12 communist countries, it was my intention, as part of
13 the concept, to ascertain whether all of these
14 countries on the P5 might be amenable to the idea of
15 standardization and acquisition by the UN of a product,
16 ultimately.

17 40967 MR. WOLSON: So your retainer --
18 obviously, if somebody had said that they wanted a
19 number of vehicles, you would have advised Mr.
20 Schreiber, but your interpretation of the mandate was
21 that you were going to see what you could do through
22 the UN.

23 40968 THE RIGHT HON. BRIAN MULRONEY:
24 Precisely.

25 40969 MR. WOLSON: Now, the China trip.

1 40970 If you would take Book 2 --
2 40971 Just provide me one moment.
3 --- Pause
4 40972 MR. WOLSON: Tab 72.
5 40973 COMMISSIONER OLIPHANT: Book 2 of Mr.
6 Mulroney's documents?
7 40974 MR. WOLSON: Yes.
8 40975 COMMISSIONER OLIPHANT: Tab 74?
9 40976 MR. WOLSON: Tab 72.
10 40977 This is a redacted form of your
11 itinerary for the trip.
12 40978 That's true?
13 40979 THE RIGHT HON. BRIAN MULRONEY: That
14 is true.
15 40980 MR. WOLSON: And it's redacted,
16 basically, not to disclose the client whose principal
17 role and work you were doing on this China trip.
18 40981 THE RIGHT HON. BRIAN MULRONEY: That
19 is true.
20 40982 Well, also, their confidentiality --
21 to respect their confidentiality.
22 40983 MR. WOLSON: I am not critical of the
23 redactions, but I am putting it on the record why there
24 are redactions.
25 40984 THE RIGHT HON. BRIAN MULRONEY:

1 That's right.

2 40985 MR. WOLSON: You attend with a
3 corporation for whom you were working.

4 40986 THE RIGHT HON. BRIAN MULRONEY:
5 That's right.

6 40987 MR. WOLSON: And you go with a number
7 of members of that company --

8 40988 THE RIGHT HON. BRIAN MULRONEY:
9 Eight, I believe.

10 40989 MR. WOLSON: -- and you fly --
11 40990 Were you on a private jet?

12 40991 THE RIGHT HON. BRIAN MULRONEY: We
13 were on a private plane going out, yes.

14 40992 MR. WOLSON: And coming home you were
15 on a domestic flight?

16 40993 THE RIGHT HON. BRIAN MULRONEY: We
17 came home via Hong Kong, and I believe, from Hong Kong
18 on through Paris, it was commercial. I am not sure,
19 but I believe so.

20 40994 MR. WOLSON: Okay. And you were
21 there -- it had to do with hydro-electric and that type
22 of issue, did it?

23 40995 THE RIGHT HON. BRIAN MULRONEY: No,
24 hydro-electric was one part of the mandate, there were
25 many others.

1 40996 MR. WOLSON: And that mandate you are
2 talking about is the mandate for the company on whose
3 business you were there.

4 40997 THE RIGHT HON. BRIAN MULRONEY: That
5 is right.

6 40998 MR. WOLSON: But what you were doing,
7 in effect, was, if the opportunity arose, you would
8 also deal with other clients, and in the case of the
9 China trip it was Mr. Schreiber's interests at one
10 point that you raised with some Chinese officials.

11 40999 THE RIGHT HON. BRIAN MULRONEY: That
12 is right.

13 41000 MR. WOLSON: The trip was October 1
14 through 11.

15 41001 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 41002 MR. WOLSON: And on one of the days,
17 I think it was October the 5th, you, in an unredacted
18 form -- it's outlined here, the activities of that
19 particular day. Right?

20 41003 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 sir.

22 41004 MR. WOLSON: Basically, the itinerary
23 was a pretty tight itinerary for all of the days, and
24 had prearranged meetings, and that was the nature of
25 this trip that you were on.

1 41005 Would that be a fair statement?

2 41006 THE RIGHT HON. BRIAN MULRONEY:
3 Essentially, yes.

4 41007 MR. WOLSON: Do you recall -- and I
5 am looking at the time 1130 to 1330 on October the
6 5th --

7 41008 THE RIGHT HON. BRIAN MULRONEY: Yes?

8 41009 MR. WOLSON: That would have been the
9 first opportunity that you would have had to advance
10 any issue on behalf of Mr. Schreiber, as I look at this
11 itinerary at least.

12 41010 THE RIGHT HON. BRIAN MULRONEY: I
13 think so.

14 41011 MR. WOLSON: And that would have been
15 a two-hour lunch with someone from CITIC -- C-I-T-I-C.

16 41012 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 41013 MR. WOLSON: CITIC is a trade
18 council, is it?

19 41014 THE RIGHT HON. BRIAN MULRONEY: No,
20 it's the largest -- or it then was, I believe, the
21 largest government controlled corporation in China.

22 41015 MR. WOLSON: All right. And you, of
23 course, were principally meeting with the official Wei
24 Ming Yi -- you were meeting with him principally on
25 behalf of your corporate client that took you to China.

1 41016 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 who was there with us.

3 41017 MR. WOLSON: Yes. And you would have
4 had these other business people who you were there
5 with -- it says eight business people --

6 41018 THE RIGHT HON. BRIAN MULRONEY:
7 M'hmm.

8 41019 MR. WOLSON: Your answer is yes?

9 41020 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 41021 MR. WOLSON: -- and they would have
11 been present while you were -- you and your colleagues
12 were having lunch with the chairman of CITIC.

13 41022 THE RIGHT HON. BRIAN MULRONEY: They
14 would have been at the luncheon, sure.

15 41023 MR. WOLSON: Yes. Do you
16 specifically recall raising with this gentleman, the
17 Chairman of CITIC, Mr. Schreiber's interests?

18 41024 THE RIGHT HON. BRIAN MULRONEY: I
19 don't specifically recall it there, but CITIC was, as I
20 say, really a creation of Rong Yiren, who became the
21 Vice-President of China -- who was the Vice-President
22 of China, I believe, at that time.

23 41025 So this, while a business development
24 corporation, was also largely political. I mentioned
25 in earlier circumstances that I was subsequently

1 asked -- invited to join the Board of Directors of this
2 corporation, which I did.

3 41026 MR. WOLSON: And you specifically
4 recall, at this meeting with CITIC -- that's the only
5 question that I want to ask you about that meeting --
6 do you have a specific recall of speaking to one of the
7 Chinese officials about Mr. Schreiber's interests?

8 41027 THE RIGHT HON. BRIAN MULRONEY: I
9 don't have a specific recall there, no.

10 41028 MR. WOLSON: Okay. Now, if you go
11 down to 1430 to 1530, a one-hour meeting that you have
12 with another Chinese official, the Vice-Minister of
13 Foreign Affairs for the People's Republic of China...

14 41029 You see that.

15 41030 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 41031 MR. WOLSON: And there are eight
17 business people that came with you to China who were
18 with you.

19 41032 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 41033 MR. WOLSON: And you have a meeting
21 with the Vice-Minister of Foreign Affairs.

22 41034 Do you specifically recall, at that
23 meeting, raising Mr. Schreiber's interests?

24 41035 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 41036 MR. WOLSON: What, specifically, did

1 you say in that regard?

2 41037 THE RIGHT HON. BRIAN MULRONEY: We
3 had a preliminary conversation. I indicated, in other
4 circumstances, that what I was going to try to find out
5 from the Chinese government would be their interest in
6 the concept that I wanted to raise --

7 41038 MR. WOLSON: The UN concept.

8 41039 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 the UN concept that I wanted to raise. So the
10 conversation would have been informal: Can you tell me
11 where you fellows are at the UN? What do you think of
12 this? What do you think of that? By the way, on the
13 peacekeeping side, do you have any views in that
14 regard? Have you any advice you can give me? What
15 would your reaction be?

16 41040 MR. WOLSON: And what was the general
17 response?

18 41041 THE RIGHT HON. BRIAN MULRONEY: The
19 general response for the Chinese is always a great
20 interest in anything that involves the United Nations,
21 because at that point in time it was their principal --
22 this was before they acquired the enormous strength and
23 influence that they have today -- it was their
24 principal pierre angulaire, their principal anchor for
25 foreign policy in the West.

1 41042 So they were very interested in that,
2 and --

3 41043 MR. WOLSON: They were interested
4 in --

5 41044 THE RIGHT HON. BRIAN MULRONEY: --
6 noncommittal, as the Chinese always are when you are
7 talking initially. They were noncommittal, but said:
8 Look, this is an interesting concept.

9 41045 MR. WOLSON: All right. Was there
10 some kind of arms embargo that Canada was involved in
11 with China at the time?

12 41046 THE RIGHT HON. BRIAN MULRONEY: We
13 had embargoes of different kinds at different times,
14 but I wasn't trying to sell them any arms.

15 41047 If this had come to fruition, there
16 wouldn't have been a sale to China, there would have
17 been a sale to the United Nations.

18 41048 MR. WOLSON: Is it your evidence that
19 the United Nations would have been -- if the five
20 members of the Security Council, who are China, Russia,
21 France, the United States and Great Britain --

22 41049 THE RIGHT HON. BRIAN MULRONEY: The
23 United Kingdom, yeah.

24 41050 MR. WOLSON: -- the U.K. -- if those
25 countries had agreed to some form of united

1 peacekeeping front, the idea was that it was the UN
2 that would buy the equipment from Thyssen?

3 41051 Is that the idea?

4 41052 THE RIGHT HON. BRIAN MULRONEY: No, I
5 hadn't advanced to that point. The idea would have
6 been, quite simply, that I would have taken it to the
7 Secretary General of the United Nations at that point
8 in time, developed with the client the necessary backup
9 to indicate the advantages that this would cause them
10 to receive, from standardization, from the
11 harmonization of the vehicles and their spare parts,
12 the whole question of the pre-location of these
13 vehicles, under United Nations control, and the
14 efficiency that this might bring to an otherwise very
15 challenged situation.

16 41053 MR. WOLSON: Who was going to buy the
17 equipment, though?

18 41054 THE RIGHT HON. BRIAN MULRONEY: No
19 one was certain then, but my thought was that I would
20 bring this to the Secretary General's attention, with a
21 business plan, with some backup that would persuade him
22 and help him bring it to the attention of the Security
23 Council. The Security Council would consider it. If
24 they found that it was a pretty good idea, they would
25 then refer it back through the Secretary General to the

1 United Nations Peacekeeping Division, and hopefully we
2 would have wound up with some part of that concept
3 accepted.

4 41055 MR. WOLSON: But the vision that you
5 had, which was one that hadn't been, to your knowledge,
6 a vision that had been out there before -- at least not
7 to your knowledge --

8 41056 Would that be a fair statement?

9 41057 THE RIGHT HON. BRIAN MULRONEY: Well,
10 it was being actively discussed, as you know, in NATO
11 at the time. These multilateral organizations
12 experience similar problems, and I just felt that it
13 would be -- because Canada was still involved in an
14 important and difficult situation in the former
15 Yugoslavia, with thousands of peacekeepers and lots of
16 equipment, that this might be a good illustration and a
17 good peg for me to operate with.

18 41058 MR. WOLSON: Had your vision
19 progressed to the point where it was your thought, at
20 least, that the UN would buy the equipment?

21 41059 THE RIGHT HON. BRIAN MULRONEY: I
22 thought that was a distinct possibility, yes.

23 41060 MR. WOLSON: Even though they were
24 having, themselves, financial difficulties?

25 41061 Is that not your evidence, that the

1 U.S. had sort of backed away and the United Nations was
2 hard done for money?

3 41062 THE RIGHT HON. BRIAN MULRONEY: Sure.

4 41063 MR. WOLSON: To your knowledge, had
5 the UN ever bought equipment -- peacekeeping
6 equipment -- purchased it, and then, I take it, used it
7 for UN Forces throughout the world?

8 41064 Had that ever happened before?

9 41065 THE RIGHT HON. BRIAN MULRONEY: I am
10 sure they have, but not on the scale that I was talking
11 about, and not with the concept that I was trying to
12 elevate to mature discussion.

13 41066 MR. WOLSON: Had you raised the idea
14 with Fred Bild, the Ambassador to China, when you were
15 in China?

16 41067 THE RIGHT HON. BRIAN MULRONEY: No.

17 41068 MR. WOLSON: So your conversations
18 were, you believe, with the Foreign Minister --

19 41069 THE RIGHT HON. BRIAN MULRONEY: Yeah,
20 they were with the people who attended the lunch of the
21 Vice-Minister, who was very influential, there --

22 41070 MR. WOLSON: And then, at 1800 hours,
23 there's a banquet --

24 41071 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 41072 MR. WOLSON: -- inviting the people

1 who had attended these meetings to a two-hour banquet,
2 I believe, and you had some further discussions there.

3 41073 THE RIGHT HON. BRIAN MULRONEY: With
4 Zhu Rongji, yes, the Vice-Premier and the Governor of
5 the Bank of China, whom I knew.

6 41074 MR. WOLSON: And what were those
7 conversations?

8 41075 THE RIGHT HON. BRIAN MULRONEY:
9 Similar, along with -- he had a large banquet for us, I
10 think, in the Great Hall of the People, after some
11 private meetings that we had had with him, and there
12 were a lot of people there, and a big head table, and I
13 think that I was on his immediate right, my principal
14 client was on his immediate left, and there were
15 cabinet ministers and vice-ministers throughout, and
16 the ambassadors were generally over here, and so on.

17 41076 It was kind of like a head table at a
18 Chamber of Commerce or -- you know --

19 41077 MR. WOLSON: And what was the
20 attitude of that person when you raised the issue of
21 the UN perhaps buying equipment for peacekeeping, and
22 then the five members of the Security Council would
23 advance that?

24 41078 THE RIGHT HON. BRIAN MULRONEY: I
25 simply explored with him the concept that we had

1 discussed, and he certainly didn't appear to be in any
2 way unfriendly to the idea.

3 41079 MR. WOLSON: Were these brief
4 discussions?

5 41080 THE RIGHT HON. BRIAN MULRONEY: Yes.
6 Over dinner --

7 41081 MR. WOLSON: Okay.

8 41082 THE RIGHT HON. BRIAN MULRONEY: Over
9 dinner, basically.

10 41083 MR. WOLSON: Again, I am sure that
11 your main preoccupation was the client for whom you
12 were there, for the most part.

13 41084 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 but let me tell you, sir, that I had another client, a
15 major Canadian corporation, and I thought that if I
16 could, in the normal course of affairs, raise questions
17 of interest to him -- because the days are long, the
18 banquets go on for four or five hours, you have lots of
19 chance to converse, and I raised it in another
20 circumstance, and that gave rise, within a year, to an
21 offer from the Government of China for us to come in on
22 behalf of that client and do a business development in
23 China.

24 41085 MR. WOLSON: So even -- obviously it
25 goes without saying -- if someone of your stature

1 advances a proposition, even if it's a five or
2 ten-minute conversation, it may result in business for
3 a client, and you took the opportunity on behalf of Mr.
4 Schreiber.

5 41086 THE RIGHT HON. BRIAN MULRONEY: It
6 did in this case -- in this other case I have just told
7 you about. It resulted in an invitation from the
8 Government of China to this international Canadian
9 corporation to come in and do a joint development with
10 them.

11 41087 MR. WOLSON: All right. Let me ask
12 you this. The Commissioner asked you, but I didn't --
13 I was waiting for the answer, but I didn't hear the
14 answer.

15 41088 Could you succinctly tell me, if you
16 can, was China ever involved in peacekeeping before?

17 41089 THE RIGHT HON. BRIAN MULRONEY: To
18 the best of my knowledge, at the time, China, while an
19 excellent and vigorous, vigilant member of the Security
20 Council and the General Assembly -- a big supporter of
21 the UN -- I can't remember the Chinese themselves
22 either initiating or participating, in a major way, in
23 any peacekeeping.

24 41090 MR. WOLSON: How about Russia?

25 41091 THE RIGHT HON. BRIAN MULRONEY:

1 Russia was involved in what they called peacekeeping
2 throughout the Soviet Union at the time.

3 41092 MR. WOLSON: In their own country.

4 41093 THE RIGHT HON. BRIAN MULRONEY: In
5 their own country.

6 41094 MR. WOLSON: Okay. What they called
7 peacekeeping.

8 41095 THE RIGHT HON. BRIAN MULRONEY:
9 M'hmm.

10 41096 MR. WOLSON: That's not what you
11 would necessarily call peacekeeping.

12 41097 THE RIGHT HON. BRIAN MULRONEY: Not
13 all the time.

14 41098 MR. WOLSON: No. All right.

15 41099 Did you ever meet with the Secretary
16 General of the UN to advance this proposal?

17 41100 THE RIGHT HON. BRIAN MULRONEY: Oh, I
18 met with the Secretary General of the UN, but not to
19 advance this particular proposal.

20 41101 I told you that my intention was to
21 meet the P5 and then to meet with him, and then to
22 flesh out the program, if it developed that way.

23 41102 MR. WOLSON: No, but you had met with
24 China, you had met with Russia, you had met with
25 France --

1 41103 THE RIGHT HON. BRIAN MULRONEY:
2 M'hmm.

3 41104 MR. WOLSON: -- you had met with the
4 United States --

5 41105 THE RIGHT HON. BRIAN MULRONEY: No, I
6 had not an official -- I didn't meet with officials of
7 the United States --

8 41106 MR. WOLSON: All right, so you had
9 met with three.

10 41107 THE RIGHT HON. BRIAN MULRONEY: I met
11 with James Baker, I met with Cap Weinberger for
12 information and advice, and so on, and counsel, but I
13 didn't have a formal meeting in that regard with the
14 Clinton administration, which was then in office.

15 41108 And I did not meet with the U.K.

16 41109 MR. WOLSON: All right. So you had
17 met with three of the five -- France, China and
18 Russia --

19 41110 THE RIGHT HON. BRIAN MULRONEY: When
20 we got interrupted by Airbus, yes.

21 41111 MR. WOLSON: Okay. And, I take it,
22 after Airbus -- at least I am advised as to what you
23 have told another forum -- after Airbus you had no
24 further dealings with Schreiber's retainer.

25 41112 THE RIGHT HON. BRIAN MULRONEY: In

1 that regard.

2 41113 MR. WOLSON: Yes.

3 41114 THE RIGHT HON. BRIAN MULRONEY: We
4 met, as you know, in Zurich in February of 1998, and as
5 I have indicated to you, that was the first time that
6 he raised the question of the --

7 41115 MR. WOLSON: Pasta.

8 41116 THE RIGHT HON. BRIAN MULRONEY:
9 --anti-obesity pasta machines and products.

10 41117 MR. WOLSON: But you didn't pursue
11 it. You didn't pursue that situation, other than you
12 made a call to McDonald's.

13 41118 But you indicated the other day,
14 unless I am wrong, that you didn't -- that wasn't
15 really part of the retainer process.

16 41119 THE RIGHT HON. BRIAN MULRONEY: I
17 didn't take it as part of the retainer, but I did more
18 than that. Apart from that, there were communications
19 with Archer Daniels Midland, as I have said. I then,
20 in Toronto, with Mr. Alford, visited their laboratory
21 and warehouses in Toronto with Greg Alford.

22 41120 And then I visited the restaurants
23 that they had set up in Toronto, I think at Commerce
24 Court West, on a couple of occasions, to see not only
25 the product, but to understand the technology a little

1 bit better.

2 41121 MR. WOLSON: Did you actually take it
3 as part of your retainer that you were going to do
4 something with pasta -- anti-obesity pasta?

5 41122 THE RIGHT HON. BRIAN MULRONEY: I
6 wasn't sure, but as you can see from the
7 correspondence, and the testimony -- I think that this
8 was in 1988-89. In 2000, I think, when he met with Mr.
9 Doucet, he wondered whether I would accept a mandate in
10 the pasta business, as we have described, and in 2004
11 he wrote me a lengthy, I may say, eulogistic letter,
12 asking me to intervene with Bill and Melinda Gates, who
13 are friends of mine, in regard to the financing of
14 these machines for schools throughout North America,
15 claiming -- and I think he was right in this --
16 claiming the great value of this product for the
17 nutrition of school children. That was his matter.

18 41123 So I was, I would say, intermittently
19 involved on his behalf. Initially I suspected that
20 this might be an extension of the mandate, as he
21 clearly wanted me to do, but I, by that point in time,
22 had chosen to terminate that association.

23 41124 MR. WOLSON: All right. Now, when
24 you said that you had called McDonald's on his
25 behalf --

1 41125 THE RIGHT HON. BRIAN MULRONEY: No, I
2 didn't say that I called McDonald's on his behalf. I
3 said that I had received a request, and I wasn't
4 sure -- I couldn't remember whether there had been a
5 communication with George Cohen or not. I wasn't sure,
6 but I do recollect a period of time where Elmer MacKay,
7 who had been one of his co-investors in the Seattle
8 pasta business, and a close friend of his, had spoken
9 to me about it. I wasn't sure if I had made that call.
10 I may have, but I couldn't recollect it for you.

11 41126 MR. WOLSON: All right. When we
12 heard that --

13 41127 THE RIGHT HON. BRIAN MULRONEY: I was
14 asked to do it, no doubt.

15 41128 MR. WOLSON: Yes.

16 41129 When we heard that the other day, we
17 took all of Mr. Schreiber's telephone calls, and I
18 wonder, Mr. Hughes, if you could provide to Mr.
19 Mulroney the Compendium of Telephone Contacts.

20 41130 We found 44 -- Mr. Mulroney, we found
21 44 contacts -- telephone contacts, starting -- there
22 were just a few of them prior to 1995 -- August 23rd
23 and August 27th of '93 -- and that would have been
24 around the time you met with him, on August the 27th.

25 41131 Then we found a number of calls in

1 '95, '96 and '97, but I want to point some things out
2 to you, because they speak to matters that you have
3 talked to.

4 41132 If you would look at Tab 23 --

5 41133 THE RIGHT HON. BRIAN MULRONEY: Tab
6 23, yes.

7 41134 COMMISSIONER OLIPHANT: Are you
8 looking at the Compendium of Contacts?

9 41135 MR. WOLSON: I am looking at the
10 Compendium of Telephone Contacts.

11 41136 I advised Mr. Mulroney that, I think,
12 there were 43 telephone calls -- two in '93, one in
13 '94, and then a series in '95, '96, '97.

14 41137 And I take it, generally speaking,
15 Mr. Mulroney, that you don't -- you said the other day
16 that you had many telephone contacts with him,
17 particularly after the LOR.

18 41138 That would be a true statement?

19 41139 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 41140 MR. WOLSON: Okay. Now, I want to
21 point these things out to you, because you have
22 commented on them.

23 41141 Are you at Tab 23?

24 41142 THE RIGHT HON. BRIAN MULRONEY: I
25 think I am, yes.

1 41143 MR. WOLSON: February 4, '97, excerpt
2 from Karlheinz Schreiber's diary.

3 41144 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 41145 MR. WOLSON: In support of what you
5 have said, I feel that I should put this on the record.
6 41146 February the 4th -- if you go into
7 the tab, do you have February the 4th?

8 41147 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.

10 41148 That is what year?

11 41149 MR. WOLSON: 1997.

12 41150 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 41151 MR. WOLSON: It's Tab 23, and it
14 would be the first entry after the tab which outlines
15 the date.

16 41152 If you look at February the 4th, at
17 about 1600 hours, it says, "Telephone Brian" -- and the
18 next word is a German word that means "re:" --
19 "McDonald's".

20 41153 Do you see that?

21 41154 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 41155 MR. WOLSON: Which is supportive of
23 what you have said, or at least it is an issue that I
24 thought I would put on the record.

25 41156 THE RIGHT HON. BRIAN MULRONEY: I

1 don't see "Brian" here, I see "Telephone..."

2 41157 MR. WOLSON: It says, "Telephone

3 Brian" -- B-R-I-A-N -- 1600 hours, and then there is a

4 word that I think means "re:" and then it has

5 "McDonald's".

6 41158 THE RIGHT HON. BRIAN MULRONEY: Well,

7 mine doesn't say "Brian", it says "Telephone" -- it

8 looks like "Router".

9 41159 Am I wrong in that?

10 41160 MR. WOLSON: February 4th of '97?

11 41161 You are on the 3rd. Look to the

12 right, at the top it will say "February 4".

13 41162 THE RIGHT HON. BRIAN MULRONEY: Oh,

14 I'm sorry, you are quite right.

15 41163 MR. WOLSON: It says, "Telephone

16 Brian re: McDonald's."

17 41164 THE RIGHT HON. BRIAN MULRONEY: It is

18 right above "R. Canteloupe" -- "Canteloupo" I guess.

19 41165 MR. WOLSON: Yes.

20 41166 THE RIGHT HON. BRIAN MULRONEY:

21 That's where I am.

22 41167 MR. WOLSON: I wanted to point that

23 out, because it is something that you have talked

24 about, and we were able to find that.

25 41168 Then, if you would go to Tab 24,

1 please --

2 41169 COMMISSIONER OLIPHANT: Mr. Wolson,
3 is this book an exhibit?

4 41170 MR. WOLSON: If it's not, it should
5 be the next exhibit.

6 41171 COMMISSIONER OLIPHANT: I don't
7 believe that it is.

8 41172 MR. WOLSON: The parties have it, and
9 unless anyone objects, I would like to make it the next
10 exhibit.

11 41173 COMMISSIONER OLIPHANT: I am not sure
12 if counsel have had an appropriate length of time to
13 consider it, but --

14 41174 MR. WOLSON: They have had it for
15 days.

16 41175 COMMISSIONER OLIPHANT: They have had
17 it for days, okay.

18 41176 Mr. Pratte, are you prepared to
19 consent to this going in as an exhibit, sir?

20 41177 MR. PRATTE: I am, sir.

21 41178 COMMISSIONER OLIPHANT: Thank you.
22 41179 Mr. Vickery...

23 41180 MR. VICKERY: Yes.

24 41181 COMMISSIONER OLIPHANT: Mr.
25 Houston...

1 41182 MR. HOUSTON: Yes, sir. Thank you.

2 41183 COMMISSIONER OLIPHANT: Mr. Auger...

3 41184 MR. AUGER: Agreed.

4 41185 COMMISSIONER OLIPHANT: All right.

5 The Compendium of Telephone Contacts will be received

6 and marked as Exhibit P-51.

7 EXHIBIT P-51: Compendium of

8 Telephone Contacts

9 41186 MR. WOLSON: Then, if you would look,

10 sir, at Tab 24 -- look to February the 5th.

11 41187 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 41188 MR. WOLSON: That would also be Feb.

13 5, '97. If you look under February the 5th at 1900

14 hours, "Telephone Brian," there is another word, and

15 then "McDonald's".

16 41189 Do you see that?

17 41190 THE RIGHT HON. BRIAN MULRONEY: Yes,

18 and then Fiegenwald.

19 41191 MR. WOLSON: Well, we are not going

20 there again.

21 41192 THE RIGHT HON. BRIAN MULRONEY: And

22 then Kohl.

23 41193 MR. WOLSON: Yes, we are not going to

24 go to Mr. Fiegenwald again.

25 41194 THE RIGHT HON. BRIAN MULRONEY: Why

1 not, sir?

2 41195 MR. WOLSON: Because, quite frankly,
3 we have done it --

4 41196 THE RIGHT HON. BRIAN MULRONEY: I
5 withdraw that remark.

6 41197 MR. WOLSON: All right.

7 41198 COMMISSIONER OLIPHANT: Just while we
8 are at it, Mr. Mulroney, we don't have to go to Stevie
9 Cameron --

10 --- Laughter / Rires

11 41199 COMMISSIONER OLIPHANT: -- and we
12 don't have to go to the Letter of Request. You have
13 made your point eloquently. It was eloquent the first
14 time, it never got any better the second, third, fourth
15 or fifth times. Okay?

16 --- Laughter / Rires

17 41200 COMMISSIONER OLIPHANT: I am
18 satisfied, I know how you feel.

19 41201 THE RIGHT HON. BRIAN MULRONEY: I
20 appreciate that, sir, as long as the point was made.

21 41202 COMMISSIONER OLIPHANT: Okay.

22 41203 MR. WOLSON: It's made in spades, as
23 they say, Mr. Mulroney.

24 41204 Now, if you would go to Tab 28 --

25 41205 THE RIGHT HON. BRIAN MULRONEY: In

1 other words, Mr. Commissioner, you don't like
2 repetitive questioning and things like that.

3 41206 COMMISSIONER OLIPHANT: In other
4 words, quit while you're ahead.

5 --- Laughter / Rires

6 41207 MR. WOLSON: Would you turn to Tab
7 28, please, sir?

8 41208 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.

10 41209 MR. WOLSON: This is a June 14, '97,
11 excerpt from Karlheinz Schreiber's diary.

12 41210 THE RIGHT HON. BRIAN MULRONEY: Yes,
13 sir.

14 41211 MR. WOLSON: Go to 14 of June. It
15 says at 1500 hours, "Brian -- pasta activities."

16 41212 Do you see that?

17 41213 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 I do.

19 41214 MR. WOLSON: All right. I just
20 wanted to -- I don't plan to go through all of the
21 phone calls, but there are three that we could find
22 where you dealt -- where, at least, Mr. Schreiber said
23 that he was calling you regarding pasta, and I thought
24 we should deal with those.

25 41215 THE RIGHT HON. BRIAN MULRONEY: Yeah,

1 I am mystified why that would be there, because he
2 didn't raise it with me, that I can recall, until 1998
3 in Zurich.

4 41216 MR. WOLSON: All right. I didn't
5 raise it, quite frankly, to challenge you on the
6 year --

7 41217 THE RIGHT HON. BRIAN MULRONEY: No, I
8 am mystified why he would put that in there.

9 41218 MR. WOLSON: Well, it's there, and I
10 put that on the record.

11 41219 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 41220 MR. WOLSON: Now, I went slightly out
13 of context and I did that because you mentioned your
14 Midland Corporation and Archer Daniels, and I thought
15 it was a convenient time to put that there.

16 41221 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 41222 MR. WOLSON: But I want to come back
18 to more mundane matters, Russia and Cyprus.

19 41223 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 41224 MR. WOLSON: Tab 74 of Book 2 of your
21 materials.

22 --- Pause

23 41225 MR. WOLSON: For the record, Tab 74
24 of Book 2 is your schedule for your trip to Russia and
25 Cyprus.

1 41226 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41227 MR. WOLSON: It was a family trip.

3 41228 THE RIGHT HON. BRIAN MULRONEY: M'hm.

4 41229 MR. WOLSON: Your answer is yes?

5 41230 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 Yes.

7 41231 MR. WOLSON: And you went there with

8 your wife and your kids.

9 41232 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 Yes.

11 41233 MR. WOLSON: And it was August 18 to

12 the 30th of August of 1994.

13 41234 THE RIGHT HON. BRIAN MULRONEY:

14 That's right.

15 41235 MR. WOLSON: You first visited Cyprus

16 and then went on to Moscow and then eventually ended

17 up, if you turn the page from the first page in Tab 74,

18 if you go to August 23, '94 -- tell me when you are

19 there.

20 41236 THE RIGHT HON. BRIAN MULRONEY: In

21 this schedule?

22 41237 MR. WOLSON: Tab 74. It would be the

23 second page of the schedule. It has a "3" on top, but

24 it is, for some reason, the second page, and go to

25 August 23.

1 41238 THE RIGHT HON. BRIAN MULRONEY:
2 August 23, yes.

3 41239 MR. WOLSON: That is where you are
4 departing Moscow to -- is it called Sochi?

5 41240 THE RIGHT HON. BRIAN MULRONEY:
6 Sochi, yes.

7 41241 MR. WOLSON: And on there it says:
8 "Note:
9 1. The programme provides for a
10 meeting with President B.
11 Yeltsin and his wife, a round of
12 the city and its surroundings".

13 41242 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 41243 MR. WOLSON: And you met with
15 Mr. Yeltsin? You did?

16 41244 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 sir.

18 41245 MR. WOLSON: I know that you had a
19 very good relationship with him. I know you had sent
20 him some couches at one point.

21 41246 THE RIGHT HON. BRIAN MULRONEY:
22 That's right.

23 41247 MR. WOLSON: He liked the couches at
24 24 Sussex and you sent him a gift of some comfortable
25 Canadian couches.

1 41248 THE RIGHT HON. BRIAN MULRONEY:
2 That's right.

3 41249 MR. WOLSON: I hope they were
4 Canadian.

5 41250 THE RIGHT HON. BRIAN MULRONEY: They
6 were.

7 41251 MR. WOLSON: And you were with him.
8 You have a nice rapport with Mr. Yeltsin and at one
9 point he leaned over to him -- tell me if I'm wrong, at
10 least I have read this -- and you asked him whether he
11 would be interested in your proposal?

12 41252 THE RIGHT HON. BRIAN MULRONEY:
13 Essentially, yes.

14 41253 I think the schedule itself,
15 Mr. Commissioner, I think there was a change on Monday
16 because we wound up in Sochi for two days, two nights
17 with the Yeltsins.

18 41254 We had many -- I think we had at
19 least one dinner, a couple of lunches with them, and so
20 on. They were in the villa right next door to us.

21 41255 MR. WOLSON: All right. So this is a
22 social visit.

23 41256 THE RIGHT HON. BRIAN MULRONEY: Yes.
24 And we had a tour -- I remember we had a tour on his --
25 on the presidential yacht. We had a lunch or dinner

1 there with Mila and the kids in his children and
2 grandchildren.

3 41257 So it was -- and throughout this -- I
4 shouldn't say throughout. On a couple of occasions in
5 the two-day period we had meetings. I wouldn't call
6 formal meetings because I was no longer in office.

7 41258 MR. WOLSON: What did you raise with
8 him regarding Mr. Schreiber?

9 41259 THE RIGHT HON. BRIAN MULRONEY: I
10 didn't raise Mr. Schreiber with him.

11 41260 MR. WOLSON: No, no, but regarding
12 the retainer that you were on with Mr. Schreiber.

13 41261 THE RIGHT HON. BRIAN MULRONEY: I
14 discussed with him, as I did with the Chinese and
15 subsequently did with the French authorities, what he
16 thought of the idea and whether he thought that he
17 could be helpful to us in this.

18 41262 He told me that he thought it was a
19 good idea. He misconstrued what I was saying and said
20 I would like to buy some of those but I can't afford
21 it; we are broke.

22 41263 MR. WOLSON: Did you correct him?

23 41264 THE RIGHT HON. BRIAN MULRONEY:
24 Pardon?

25 41265 MR. WOLSON: Did you correct him?

1 41266 THE RIGHT HON. BRIAN MULRONEY: No,
2 he was broke. I didn't correct him.

3 41267 MR. WOLSON: No, no, I'm sure he was
4 broke.

5 41268 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 41269 MR. WOLSON: Well, I don't know that
7 he was broke. He had a yacht.

8 41270 THE RIGHT HON. BRIAN MULRONEY:
9 Believe me -- believe me, the Canadian taxpayers knew
10 he was broke --

11 41271 MR. WOLSON: But did you tell him --

12 41272 THE RIGHT HON. BRIAN MULRONEY: --
13 because we helped him out a lot.

14 41273 MR. WOLSON: Did you tell him that
15 your idea wasn't to sell to Russia.

16 41274 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 I did.

18 41275 MR. WOLSON: Your idea was to have --

19 41276 THE RIGHT HON. BRIAN MULRONEY: Seek
20 his advice in regard to the United Nations. And he
21 said look, I think it is a good concept. Just because
22 we can't afford any now, we certainly can see how that
23 would have advantages and could have benefits. Why
24 don't you push it forward and if we can help you along
25 the way, we will be happy to try.

1 41277 MR. WOLSON: What did you attribute
2 as expenses towards your retainer on this trip,
3 approximately?

4 41278 THE RIGHT HON. BRIAN MULRONEY: Well,
5 as you know, I did not claim any expenses --

6 41279 MR. WOLSON: No, that's not what I'm
7 asking.

8 41280 THE RIGHT HON. BRIAN MULRONEY: Well,
9 I think it's relevant, sir, if I may.

10 41281 I didn't claim any expenses when I
11 paid my income tax, and so all of that was declared as
12 income. I took no -- no expenses.

13 41282 But I think the amount was somewhere
14 in the neighbourhood of \$12,000.

15 41283 MR. WOLSON: Okay. You would agree
16 with me, though, sir, that you told me you spent
17 about -- and I'm not going to quibble with the
18 amounts -- \$10,000 on the China trip.

19 41284 THE RIGHT HON. BRIAN MULRONEY:
20 Something, yes.

21 41285 MR. WOLSON: \$12,000 --

22 41286 THE RIGHT HON. BRIAN MULRONEY:
23 Approximately \$40,000 or \$45,000, as I remember now.

24 41287 MR. WOLSON: All right. And what you
25 did was you made either notes or you kept your --

1 41288 THE RIGHT HON. BRIAN MULRONEY: I
2 kept an account.

3 41289 MR. WOLSON: -- credit card accounts.

4 41290 THE RIGHT HON. BRIAN MULRONEY: M'hm.

5 41291 MR. WOLSON: And you could attribute,
6 if one had to. You had an inventory of your expenses.

7 41292 THE RIGHT HON. BRIAN MULRONEY: Yes.
8 Well, it was an inventory, not as good as a chartered
9 accountant might have, but it was an inventory indeed.

10 41293 MR. WOLSON: Well, you are not a
11 chartered accountant.

12 41294 THE RIGHT HON. BRIAN MULRONEY: No,
13 I'm not.

14 41295 MR. WOLSON: I wouldn't accuse you of
15 that, but you did keep an inventory as it were.

16 41296 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 I did.

18 41297 MR. WOLSON: Okay. Now, I want to
19 ask you, your trip to -- your first trip to see
20 Mr. Mitterrand, that was the 28th and 29th of
21 September, Tab 75.

22 41298 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 sir.

24 41299 MR. WOLSON: He found out that you
25 were in Paris, you said.

1 41300 THE RIGHT HON. BRIAN MULRONEY: M'hm.
2 41301 MR. WOLSON: He called you and you
3 had a visit with him?
4 41302 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 he called us and we -- he invited Mila and me to -- it
6 was late in the afternoon when he called the hotel and
7 he invited us over to L'Élysée, and we went over and
8 spent a part of the evening with him.
9 41303 MR. WOLSON: Did you raise the issue
10 of the UN involvement and the Thyssen product with him?
11 41304 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 both there and in 1995 in October with him.
13 41305 MR. WOLSON: Okay. And was '95
14 similar to this trip in '94? It was -- because I had
15 not heard about the '95 trip, so let's cover them both
16 now.
17 41306 THE RIGHT HON. BRIAN MULRONEY: M'hm.
18 41307 MR. WOLSON: The '94 trip you have
19 told us about. You had a meeting -- or during your
20 meeting with him you raised the idea of the UN Security
21 Council?
22 41308 THE RIGHT HON. BRIAN MULRONEY: Yes.
23 41309 MR. WOLSON: He told you, as I
24 understand it, that France is trying to develop their
25 own vehicle.

1 41310 THE RIGHT HON. BRIAN MULRONEY: M'hm.
2 41311 MR. WOLSON: Your answer is...?
3 41312 THE RIGHT HON. BRIAN MULRONEY: Yes.
4 41313 MR. WOLSON: And that that was in the
5 interest of France to have their own product as opposed
6 to buying a German or a Canadian product.
7 41314 THE RIGHT HON. BRIAN MULRONEY: He
8 told me that that Thyssen vehicle of which I spoke was
9 well known to him under the German-French partnership.
10 41315 MR. WOLSON: Yes.
11 41316 THE RIGHT HON. BRIAN MULRONEY: He
12 knew pretty well everything about that, including
13 procurement, because they were working on procurement
14 deals together, he and Chancellor Kohl. And he told me
15 that he knew the product. He thought it was excellent.
16 But he said you know, Brian, we are trying to develop
17 our own thing here.
18 41317 And I said well, I understand that,
19 but I'm not trying to move anybody in or move anybody
20 out in regard to your national policies with Germany.
21 I'm just wondering what your attitude might be or do
22 you think it is a good idea in terms of the
23 standardization and the harmonization and the
24 pre-planning and the pre-positioning of these vehicles
25 in trouble spots. Do you think that is a good idea?

1 And he said yes, I do.

2 41318 And I said what would your attitude
3 be if this came before the Security Council? He said
4 well, we would like to examine it very carefully, but I
5 find much to commend -- much to be in support of in
6 this idea. Why don't you go ahead and keep me posted.

7 41319 MR. WOLSON: What about the '95
8 visit? Tell us about that.

9 41320 THE RIGHT HON. BRIAN MULRONEY: The
10 1995 visit --

11 41321 MR. WOLSON: Why were you there,
12 first of all?

13 41322 THE RIGHT HON. BRIAN MULRONEY: Well,
14 I wasn't in France. It was in Colorado Springs. The
15 Bush Presidential Library had convened a number of
16 people for a special event to record memories, the end
17 of the Cold War. It was being moderated by Jim Lehrer
18 of MacNeil/Lehrer and PBS and was to be televised in a
19 number of series, but mostly all the footage would be
20 retained for the Presidential Library.

21 41323 MR. WOLSON: But let me stop you
22 there, because I don't need to have too much detail
23 about it.

24 41324 You had a chance to meet with
25 Mitterrand there?

1 41325 THE RIGHT HON. BRIAN MULRONEY:

2 Mitterrand and Chancellor Kohl and Mrs. Thatcher and
3 President Bush and I were invited to deal with our
4 recollections of the end of the Cold War.

5 41326 MR. WOLSON: Did you have a private
6 discussion with President Mitterrand then regarding the
7 UN project that you had talked to him about in 1994,
8 September 28th and 29th?

9 41327 THE RIGHT HON. BRIAN MULRONEY: Yes.
10 He initiated it and said to me -- I think it was over
11 breakfast -- he said Brian, how are you coming along
12 with your UN project? I said well, I think we are
13 moving along, but it is -- as you know with the UN and
14 with this kind of international thing, events or
15 progress is pretty glacial.

16 41328 He said you're telling me, I know all
17 about that, but keep going. I think it is a pretty
18 good idea.

19 41329 MR. WOLSON: All right. And while
20 you were there, did you have a chance to speak with
21 Mrs. Thatcher, the fourth person -- or was she then
22 still Prime Minister?

23 41330 THE RIGHT HON. BRIAN MULRONEY: No,
24 she had long since departed.

25 41331 MR. WOLSON: Okay. So was Mitterrand

1 the President of France at that time?

2 41332 THE RIGHT HON. BRIAN MULRONEY: He
3 was, he had been up until a few months before.

4 41333 MR. WOLSON: So when you met with him
5 in Colorado Springs, he was no longer President.

6 41334 THE RIGHT HON. BRIAN MULRONEY: That
7 is right.

8 41335 MR. WOLSON: Okay.

9 41336 THE RIGHT HON. BRIAN MULRONEY:
10 Although he very much was, of course, when first I met
11 him at the L'Élysée.

12 41337 MR. WOLSON: Yes, I understand that.

13 41338 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 41339 MR. WOLSON: Did you go to the United
15 States to meet with U.S. officials regarding this idea?

16 41340 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 I did. I had long conversations with Jim Baker about
18 the United Nations. In fairness to Jim, I cannot
19 recall any specific conversation dealing with
20 procurement with him. What I was interested in getting
21 from Jim Baker was his remarkable experience and advice
22 as to what the UN -- excuse me, what the U.S. reaction
23 and role might be.

24 41341 It is a fact of life, if you can't
25 get it past the United States at the United Nations or

1 at NATO or the G7 or elsewhere, it is not going to go
2 very far.

3 41342 So I had conversations where I really
4 sought Jim's wise counsel. He had spent -- he had been
5 both Secretary of the Treasury, Chief of Staff to
6 President Reagan and Secretary of State under President
7 George Herbert Walker Bush.

8 41343 MR. WOLSON: What was his position at
9 the time? Was he still in government?

10 41344 THE RIGHT HON. BRIAN MULRONEY: He
11 had just stepped down.

12 41345 MR. WOLSON: Okay.

13 41346 THE RIGHT HON. BRIAN MULRONEY: And I
14 would meet with him, just get some -- spoke to him, get
15 some counsel as to the general approach to the United
16 Nations, to the Secretary General, the weak spots, and
17 so on; and the same kind of approach with Cap
18 Weinberger, who had been the Secretary of Defence for
19 President Reagan for I think eight years or
20 thereabouts.

21 41347 MR. WOLSON: So he, too, was out of
22 office when you talked to him?

23 41348 THE RIGHT HON. BRIAN MULRONEY: He
24 was out of office.

25 41349 MR. WOLSON: And when were these

1 meetings?

2 41350 THE RIGHT HON. BRIAN MULRONEY: They
3 would have taken place prior to -- prior to 1995, I'm
4 sure. Prior to the end of 1995.

5 41351 MR. WOLSON: All right.

6 41352 THE RIGHT HON. BRIAN MULRONEY: I
7 should say that Secretary Weinberger, who knew a lot
8 about this, you know, his position was this is going to
9 be a tough one for the Americans because the Americans
10 are going to want to provide the equipment themselves
11 because of their military background.

12 41353 And I said well, you know, Cap, but
13 this is not military in the conventional sense. He
14 said no, that's why I think that you might have a
15 chance here. It might be an opportunity for any
16 administration to show some opening here and to give it
17 to another -- to another strong member of the United
18 Nations.

19 41354 And he said, look, it will take some
20 political negotiation here, but he said given your
21 especially strong relationship with the leaders of the
22 American administrations, both in Congress and the
23 White House, you may be able to make this happen.

24 41355 MR. WOLSON: So your meetings with
25 various people -- you met in '93 with the Chinese.

1 41356 THE RIGHT HON. BRIAN MULRONEY: M'hm.
2 41357 MR. WOLSON: Right? Your answer is
3 yes?
4 41358 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 sir.
6 41359 MR. WOLSON: You met in 1994 with
7 Yeltsin.
8 41360 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 41361 MR. WOLSON: You met in 1994 with
10 Mitterrand for the first time while he was in office.
11 41362 THE RIGHT HON. BRIAN MULRONEY: Yes.
12 41363 MR. WOLSON: You met in 1995 with
13 Mitterrand when he was out of office; you met him in
14 Colorado Springs?
15 41364 THE RIGHT HON. BRIAN MULRONEY: Yes.
16 41365 MR. WOLSON: You met with Caspar
17 Weinberger of the United States, who was not in office,
18 in 1995.
19 41366 THE RIGHT HON. BRIAN MULRONEY: M'hm.
20 41367 MR. WOLSON: Your answer...?
21 41368 THE RIGHT HON. BRIAN MULRONEY: Yes,
22 sir.
23 41369 MR. WOLSON: You met with James
24 Baker, who was not in office. You met with him in
25 1995?

1 41370 THE RIGHT HON. BRIAN MULRONEY: That
2 is right, yes.

3 41371 MR. WOLSON: Then -- and I'm only
4 going to say this, not to give you an opportunity to
5 respond too vociferously. Then the LOR came down.

6 41372 THE RIGHT HON. BRIAN MULRONEY: And
7 then the LOR came down.

8 41373 MR. WOLSON: And that ended your
9 retainer activities until you saw Mr. Schreiber in 1998
10 at the hotel in Zürich?

11 41374 THE RIGHT HON. BRIAN MULRONEY:
12 That's right.

13 41375 MR. WOLSON: Now, if we could then go
14 to Tab 82.

15 41376 THE RIGHT HON. BRIAN MULRONEY: Yes.

16 41377 MR. WOLSON: Tab 82 is a redacted
17 schedule for your trip to Klosters, Frankfurt and Rome.

18 41378 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 41379 MR. WOLSON: And it is redacted again
21 for issues of your privacy.

22 41380 THE RIGHT HON. BRIAN MULRONEY: Yes.
23 And my clients, principally my client's privacy.

24 41381 MR. WOLSON: And I'm not challenging
25 that, but for someone who looks at this document to see

1 the reductions, that is why they are there.

2 41382 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 41383 MR. WOLSON: Now, if you would look

4 to the first page, it is a trip to these three

5 countries, Switzerland, Germany and Italy, from the

6 30th of January to the 6th of February, '98.

7 41384 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 41385 MR. WOLSON: Did you fly on a private

9 aircraft or did you fly commercially?

10 41386 THE RIGHT HON. BRIAN MULRONEY:

11 Private.

12 41387 MR. WOLSON: Okay. You were there to

13 do work on behalf of one of your retainers, aside from

14 Mr. Schreiber?

15 41388 THE RIGHT HON. BRIAN MULRONEY: The

16 World Gold Council.

17 41389 MR. WOLSON: Okay. I didn't want to

18 mention the name, but --

19 41390 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 No, that's okay.

21 41391 MR. WOLSON: -- but that is why you

22 were there. And you were going to these three

23 locations to speak to various people at those

24 locations?

25 41392 THE RIGHT HON. BRIAN MULRONEY: I had

1 scheduled meetings and I met with the Governor of the
2 Central Bank of Switzerland, the Governor of the
3 European Central Bank in Frankfurt --

4 41393 MR. WOLSON: I really don't need to
5 know.

6 41394 THE RIGHT HON. BRIAN MULRONEY:
7 That's what I was doing.

8 41395 MR. WOLSON: Okay.

9 41396 THE RIGHT HON. BRIAN MULRONEY:
10 Meeting the Governors of the banks.

11 41397 MR. WOLSON: You were meeting with
12 various people.

13 41398 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 41399 MR. WOLSON: If you turn to the
15 second page of Tab 82 --

16 41400 THE RIGHT HON. BRIAN MULRONEY: M'hm.

17 41401 MR. WOLSON: February 2, 1998.

18 41402 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 41403 MR. WOLSON: Are you there?

20 41404 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 I am.

22 41405 MR. WOLSON: That is the day that you
23 meet with Mr. Schreiber in Zürich at the Savoy Hotel?

24 41406 THE RIGHT HON. BRIAN MULRONEY: That
25 is right.

1 41407 MR. WOLSON: You were in another
2 location and it indicates:
3 "A limousine from Brunel
4 Carriage will pick you up at the
5 hotel and proceed to the SAVOY
6 Hotel in Zurich".

7 41408 THE RIGHT HON. BRIAN MULRONEY: M'hm.

8 41409 MR. WOLSON: So you were in Klosters,
9 I think, and you were being picked up and driven to
10 Zürich. Is that fair to say?

11 41410 THE RIGHT HON. BRIAN MULRONEY: I was
12 in Klosters for meetings with Peter Munk, the Chairman
13 and Founder of the Barrick Gold Corporation and I was
14 picked up after the meetings --

15 41411 MR. WOLSON: Yes...?

16 41412 THE RIGHT HON. BRIAN MULRONEY: --
17 and driven to Zürich.

18 41413 MR. WOLSON: And you arrive in
19 Zürich -- you are to arrive in Zürich at 11:30 in the
20 morning.

21 41414 THE RIGHT HON. BRIAN MULRONEY: M'hm.

22 41415 MR. WOLSON: It says:
23 "MBM will arrive at the Savoy
24 Hotel"

25 41416 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 41417 MR. WOLSON: Do you see that?

2 41418 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 41419 MR. WOLSON: You are going to have

4 lunch in your room, it says at that the next page of

5 the document.

6 41420 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 41421 MR. WOLSON: Now, the lunch with

8 Schreiber -- and that's who you were having lunch with;

9 right?

10 41422 THE RIGHT HON. BRIAN MULRONEY: That

11 is right.

12 41423 MR. WOLSON: It doesn't say that, but

13 that is who you were going to have lunch with.

14 41424 THE RIGHT HON. BRIAN MULRONEY: I

15 suppose so, yes.

16 41425 MR. WOLSON: Okay. When did the

17 lunch start and how long was the lunch?

18 41426 THE RIGHT HON. BRIAN MULRONEY: Well,

19 it looks to have started at 12:30 and, I don't know, I

20 suppose it was 45 minutes or something like that.

21 41427 MR. WOLSON: It says 12:30 and then

22 at 2:15 a limo was going to pick you up.

23 41428 THE RIGHT HON. BRIAN MULRONEY: M'hm.

24 Yes.

25 41429 MR. WOLSON: Okay. So the lunch

1 would have been some time from 12:30 on until the limo
2 picked you up, or shortly before that?

3 41430 THE RIGHT HON. BRIAN MULRONEY: Not
4 necessarily. I was nursing what's called a frozen
5 shoulder.

6 41431 MR. WOLSON: Yes, you have said that.

7 41432 THE RIGHT HON. BRIAN MULRONEY: And I
8 have indicated that. It was extraordinarily painful.
9 I had to take medication for it and I had to, as often
10 as I could, take hot baths to deal with it, and change.
11 So I would have -- whatever the number was you can, I
12 suppose, knock a half an hour off and I would have done
13 things I had to do with the medication and so on and
14 then gotten out of there and got on my way to -- I
15 guess I was going to Frankfurt that day.

16 41433 MR. WOLSON: All right. So an hour
17 or so for lunch.

18 41434 THE RIGHT HON. BRIAN MULRONEY:
19 Probably an hour.

20 41435 MR. WOLSON: Can we agree on that?

21 41436 THE RIGHT HON. BRIAN MULRONEY: Yes,
22 sure.

23 41437 MR. WOLSON: Okay. So you go to
24 Zürich. You are in Zürich from 11:30 until 2:15, so
25 about two hours 45 by my math.

1 41438 THE RIGHT HON. BRIAN MULRONEY: Yes.
2 41439 MR. WOLSON: And of that time you are
3 spending part of it with Mr. Schreiber?
4 41440 THE RIGHT HON. BRIAN MULRONEY: That
5 is right.
6 41441 MR. WOLSON: When was the time that
7 you last saw Mr. Schreiber prior to the 2nd of February
8 of 2000?
9 41442 THE RIGHT HON. BRIAN MULRONEY:
10 Nineteen ninety-eight.
11 41443 MR. WOLSON: Yes. This is 1998,
12 February 2, and what I would like to know is when did
13 you see Schreiber last prior to that date.
14 41444 THE RIGHT HON. BRIAN MULRONEY: That
15 is what I'm saying, 1994.
16 41445 MR. WOLSON: Ninety-four?
17 41446 THE RIGHT HON. BRIAN MULRONEY:
18 That's right.
19 41447 MR. WOLSON: At the Pierre Hotel.
20 41448 THE RIGHT HON. BRIAN MULRONEY: At
21 the Pierre Hotel, yes.
22 41449 MR. WOLSON: December 8, '94?
23 41450 THE RIGHT HON. BRIAN MULRONEY:
24 That's right.
25 41451 MR. WOLSON: All right. And you know

1 what Mr. Schreiber has to say about this meeting.

2 41452 Schreiber has testified that you

3 appeared nervous, but then again you are in pain,

4 obviously.

5 41453 THE RIGHT HON. BRIAN MULRONEY: Well,

6 didn't Mr. Terrien testify that I looked entirely

7 normal, in good humour?

8 41454 MR. WOLSON: Okay. But --

9 41455 THE RIGHT HON. BRIAN MULRONEY: I

10 wasn't -- I wasn't nervous. I was certainly in pain,

11 but I wasn't nervous.

12 41456 MR. WOLSON: Okay.

13 41457 Mr. Schreiber says that the

14 meeting -- the principal point of the meeting was that

15 you wanted to know from him whether there was any

16 evidence of you having received money from him.

17 41458 You know that that is what

18 Mr. Schreiber has said?

19 41459 THE RIGHT HON. BRIAN MULRONEY:

20 That's what he said.

21 41460 MR. WOLSON: Okay. So I want your

22 position on that.

23 41461 THE RIGHT HON. BRIAN MULRONEY:

24 That's untrue.

25 41462 MR. WOLSON: Did you raise with him

1 at all the money you had received from him by way of a
2 retainer?

3 41463 THE RIGHT HON. BRIAN MULRONEY: Not a
4 bit.

5 41464 MR. WOLSON: So they two hundred --

6 41465 THE RIGHT HON. BRIAN MULRONEY: Nor
7 did he.

8 41466 MR. WOLSON: So the \$225,000 retainer
9 was not a subject that was alluded to at all by either
10 of you?

11 41467 THE RIGHT HON. BRIAN MULRONEY: No,
12 it was not.

13 41468 MR. WOLSON: Okay. Why would you
14 have met with him in Zürich? You had not seen him in
15 four years. What was the reason that you wanted to see
16 him?

17 41469 THE RIGHT HON. BRIAN MULRONEY: Well,
18 you will remember that Mr. Schreiber and I, at that
19 time and at the time of Airbus, you know the manner in
20 which I knew him, how he was introduced to me. This
21 was a business guy of good reputation and we got
22 knocked with his Airbus thing.

23 41470 And as far as it dealt with me, the
24 accusations were as false about him as they were about
25 me in terms of me, Brian Mulroney.

1 41471 He had been, in the course of this,
2 and objective ally. He had called me many times. He
3 is the one who let me know about it. He called me many
4 times. His lawyer at the time was Robert Hladun from
5 Edmonton, an outstanding attorney who was very helpful
6 to me and my wife and family.

7 41472 We didn't have a clue what was going
8 on and Bob Hladun helped us, as did Mr. Schreiber, in
9 providing us with information after we had to suffer
10 the -- and I will respect what you said,
11 Mr. Commissioner -- but after we had suffered the
12 damage from the false accusations in 1995.

13 41473 So we have spoken many times in the
14 course of that and in the course of subsequent years,
15 you know, leading up to this.

16 41474 This was my first opportunity -- I
17 was going to be in Switzerland, the first time I had
18 been there for many years. Mr. Schreiber, I was
19 informed by Mr. MacKay, had moved from Germany to
20 Switzerland. I didn't know why. We now know why, but
21 I didn't know at the time.

22 41475 And I thought that -- and remember,
23 he and I were friendly at the time. I thought that as
24 a simple courtesy, inasmuch as we were going to be
25 there, that I should invite him to have lunch and say

1 hello. So my office communicated with his in
2 Switzerland and he came over. We had that brief
3 luncheon and he left.

4 41476 MR. WOLSON: All right. Now, you
5 knew -- and I don't want to get into the whole issue
6 except that you knew, Brian Mulroney knew that you had
7 no involvement in this Airbus scandal.

8 41477 THE RIGHT HON. BRIAN MULRONEY:
9 That's right.

10 41478 MR. WOLSON: But you didn't know
11 about Schreiber?

12 41479 THE RIGHT HON. BRIAN MULRONEY: I did
13 not, no.

14 41480 MR. WOLSON: You didn't know whether
15 Schreiber was as involved as can be. You didn't know
16 that?

17 41481 THE RIGHT HON. BRIAN MULRONEY: I
18 didn't, sir.

19 41482 I just knew that, as it applied to
20 me, it was false.

21 41483 MR. WOLSON: Did you not think that
22 it might be better -- I understand that he told you
23 about the Letter of Request and I understand that you
24 talked many times.

25 41484 Did you not think, knowing that you

1 had nothing to do with the scandal, to sort of keep
2 your distance from Mr. Schreiber.

3 41485 It was nice that you had
4 communications by telephone; he was helpful to you.
5 But did you not feel that perhaps you should keep your
6 distance or, in the alternative, would your counsel not
7 have suggested to you, you know, Mr. Mulroney, we know
8 about you, but we don't know about this guy. Stay away
9 from him, he might be bad news.

10 41486 Did you feel that way or did you get
11 that advice?

12 41487 THE RIGHT HON. BRIAN MULRONEY: No,
13 neither. I knew that the people to stay away from was
14 the Department Of Justice and the RCMP, because they
15 had falsely --

16 41488 MR. WOLSON: Yes.

17 41489 THE RIGHT HON. BRIAN MULRONEY: --
18 completely falsely sent that letter trying to destroy
19 me. They were the people that I was interested in
20 staying away from, not someone who had been equally
21 charged and equally vilified, and all I knew about him
22 as applies to me was that there was no wrongdoing.

23 41490 MR. WOLSON: No, I understand that
24 perfectly, but you never thought that it would be good
25 sense to watch your steps with him?

1 41491 That wasn't an issue you thought of?
2 41492 THE RIGHT HON. BRIAN MULRONEY: I
3 didn't, sir.
4 41493 MR. WOLSON: Okay. And you rented
5 probably, if not the most expensive hotel in
6 Switzerland, certainly the Savoy is an expensive chain
7 of hotels. I have never stayed at one, but you would
8 say that they are an expensive hotel?
9 41494 THE RIGHT HON. BRIAN MULRONEY: When
10 you work for the World Gold Council --
11 41495 MR. WOLSON: They pay in gold so you
12 are in good shape.
13 41496 THE RIGHT HON. BRIAN MULRONEY: --
14 they look after you pretty well.
15 41497 So given my beat-up shape with the --
16 41498 MR. WOLSON: All right.
17 41499 THE RIGHT HON. BRIAN MULRONEY: --
18 frozen shoulder and what have you, I didn't think this
19 was inappropriate. For Zürich. Zürich is not
20 inexpensive anywhere.
21 41500 MR. WOLSON: All right. So the
22 answer to the question is the World Gold Corp. was kind
23 enough to pay for the hotel?
24 41501 THE RIGHT HON. BRIAN MULRONEY: Yes.
25 41502 MR. WOLSON: That's the answer?

1 41503 THE RIGHT HON. BRIAN MULRONEY:
2 That's right.

3 41504 MR. WOLSON: All right. Thank you,
4 sir.

5 41505 Now, it is quarter to 3:00. I am
6 going to move to another topic. I could suggest we
7 have a brief recess now.

8 41506 I can tell you I am on page 15, so we
9 are making some progress.

10 41507 I leave it to counsel and to
11 Mr. Mulroney whether we would like a brief break now or
12 I should motor along.

13 41508 COMMISSIONER OLIPHANT: I am most
14 concerned about Mr. Mulroney. He is on the witness
15 stand.

16 41509 Would you like to take a break now or
17 continue for a while?

18 41510 THE RIGHT HON. BRIAN MULRONEY: Well,
19 if Mr. Wolson says he is on page 15, 15 of how many?

20 41511 MR. WOLSON: Fifteen of 28. We are
21 doing well.

22 41512 THE RIGHT HON. BRIAN MULRONEY: I
23 think we should continue for a while.

24 41513 MR. WOLSON: Perfect.

25 41514 COMMISSIONER OLIPHANT: Okay.

1 41515 MR. WOLSON: All right, let me
2 take --

3 41516 THE RIGHT HON. BRIAN MULRONEY: How
4 about until 3:00, Mr. Commissioner. Would that be all
5 right?

6 41517 MR. WOLSON: Let me take you, then,
7 to the year 1999.

8 41518 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.

10 41519 MR. WOLSON: That was an important
11 year in your relationship with Mr. Schreiber because in
12 August of '99 he was arrested.

13 41520 THE RIGHT HON. BRIAN MULRONEY:
14 That's right.

15 41521 MR. WOLSON: He was charged with
16 fraud, tax evasion, bribery and corruption.

17 41522 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 41523 MR. WOLSON: He was wanted in
19 Germany. This is what you learned.

20 41524 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 sir.

22 41525 MR. WOLSON: And although you would
23 be the first to say that he was and ought to have been
24 presumed innocent, these criminal allegations put a
25 different slant on things?

1 41526 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41527 MR. WOLSON: If he had not been
3 charged criminally, would you have reported the
4 \$225,000 to CRA in that year?

5 41528 THE RIGHT HON. BRIAN MULRONEY: Well,
6 that is a hypothetical question. I didn't have to
7 report anything because I was on a retainer. I was not
8 late with my taxes. And when the retainer came to an
9 end, I would have declared it as income, taken into my
10 income and paid taxes on it.

11 41529 MR. WOLSON: When did the retainer
12 come to an end?

13 41530 THE RIGHT HON. BRIAN MULRONEY: When
14 I decided in December of that year that it was time to
15 terminate the retainer and to move on.

16 41531 MR. WOLSON: And why did you
17 terminate the retainer?

18 41532 THE RIGHT HON. BRIAN MULRONEY: Well,
19 for two reasons. First, the one that you raise, sir.

20 41533 MR. WOLSON: The criminal charges.

21 41534 THE RIGHT HON. BRIAN MULRONEY: The
22 criminal charges were very important.

23 41535 MR. WOLSON: What was the second
24 reason?

25 41536 THE RIGHT HON. BRIAN MULRONEY: I

1 wasn't -- I knew then of course I wasn't dealing at all
2 with the man I thought I was.

3 41537 The other thing, I was taken aback,
4 Commissioner, by the fact that he hadn't told me at all
5 about anything like this when we met in Switzerland or
6 where when we spoke. And apparently the German
7 authorities had been moving in on him. He left Germany
8 and went to Switzerland. The Swiss authorities started
9 to move on him. He moved out of there to Canada where
10 he had dual citizenship and was arrested in Toronto.

11 41538 He had ample opportunity to tell me
12 what was going on, but I never heard a word. So that
13 disturbed me that this took place.

14 41539 MR. WOLSON: Yes.

15 41540 THE RIGHT HON. BRIAN MULRONEY: And
16 then, as I have indicated to you, sometime in early
17 December, or thereabouts, Mr. Schreiber -- I was
18 advised that Mr. Schreiber had said to someone else
19 that Brian Mulroney has an income tax problem.

20 41541 Now, Brian Mulroney didn't have an
21 income tax problem, but it was very clear to me that
22 Mr. Schreiber intended to create an income tax problem
23 for Brian Mulroney. And the guy that was charged in
24 Germany with bribery, corruption, fraud and income tax
25 evasion was no -- was no child in this league.

1 41542 So I felt that it was -- this was the
2 beginning of a threat. I took it that way, and I
3 figured that it would be inappropriate for me to
4 continue a formal association with him in terms of the
5 retainer.

6 41543 MR. WOLSON: All right. And I'm
7 going to come to the tax issues in a short while, but I
8 want to continue on with 1999.

9 41544 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 41545 MR. WOLSON: If you turn, please, to
11 Tab 87 of Book 2 -- that's the large book, Tab 87.

12 41546 THE RIGHT HON. BRIAN MULRONEY: Yes,
13 sir.

14 41547 MR. WOLSON: This is the fifth estate
15 show, October 20, 1999.

16 41548 And I'm not looking for your views of
17 the fifth estate because I know them, but I am going to
18 direct you to a couple of particular areas.

19 41549 And just to put things in
20 perspective, your friend and colleague Mr. Doucet
21 testified before this inquiry.

22 41550 Amongst other things he said that
23 when he heard this -- when he became aware of this
24 show, he thought that (a) Schreiber was getting too
25 chatty with the media; and (b) he didn't like the way

1 things were unfolding. So he became more diligent in
2 memorializing certain events.

3 41551 Were you aware of the show?

4 41552 THE RIGHT HON. BRIAN MULRONEY: I was
5 aware of it, yes.

6 41553 I should tell you, I didn't see it
7 and I have never read this transcript, but I was
8 certainly aware of it.

9 41554 MR. WOLSON: Okay. I'm going to
10 point to a couple of things in the transcript.

11 41555 If you look at page 1 --

12 41556 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 41557 MR. WOLSON: I mentioned this to you
14 the other day and now we have this document so I want
15 to raise it with you.

16 41558 Linden MacIntyre, the very last line
17 of the first page:

18 "The whole world clearly
19 didn't..."

20 41559 Well, let me back it up.

21 "One of Mr. Schreiber's former
22 business associates was talking
23 about Schreiber and the way that
24 Schreiber did business."

25 41560 And then Mr. MacIntyre says:

1 "The whole world clearly didn't
2 include then Premier Peter
3 Loughheed's Alberta, according
4 to ..."

5 41561 This business associate. Then at
6 page 2 it says:

7 "Loughheed told everybody in his
8 office here in Edmonton that
9 anybody who does business with
10 Karlheinz Schreiber or his
11 associates is out, in other
12 words, doesn't get nothing."

13 41562 Were you aware of Peter Loughheed's,
14 Premier Loughheed's view of Mr. Schreiber?

15 41563 THE RIGHT HON. BRIAN MULRONEY: No, I
16 was not.

17 41564 MR. WOLSON: Okay. Then I want you
18 to continue along to page 7 of this transcript, if you
19 will, please.

20 41565 You touched on this earlier.
21 Mr. Doucet has mentioned this, so I want to read this
22 to you. The second paragraph.

23 41566 They talk about a Conservative
24 convention and I don't much care about that in terms of
25 raising that with you, but I want to go to the line, it

1 is the third line down:

2 "July 26th Schreiber transferred

3 \$500,000 from that Frankfurt

4 sub-account into a new Canadian

5 dollars sub-account..."

6 41567 And he gives a number:

7 "... code-name 'Britan.' The

8 next day someone withdrew more

9 than \$100,000 in cash. Then

10 there was another \$100,000 cash

11 withdrawal three months later,

12 and the following year, another

13 \$100,000 in cash.

14 We wanted to speak directly to

15 the man best positioned to

16 explain those transactions..."

17 41568 And they ask Mr. Schreiber about

18 Britan and Schreiber doesn't say anything.

19 41569 Do you see that?

20 41570 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 41571 MR. WOLSON: Okay. And that's how

22 you became aware of the Britan account. You said

23 earlier that some fifth estate show had aired.

24 41572 Is this how you became aware of it,

25 the Britan account?

1 41573 THE RIGHT HON. BRIAN MULRONEY: I
2 became aware of it I think after this was conveyed to
3 me.

4 41574 MR. WOLSON: This is the Greenspan
5 and somebody must have told you about this fifth estate
6 show, probably Mr. Doucet.

7 41575 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 I was told about it, yes.

9 41576 MR. WOLSON: Okay.

10 41577 THE RIGHT HON. BRIAN MULRONEY: And
11 it also -- in that same context, sir, I do remember
12 something along those lines where the moderator said:
13 "All of which raises the
14 intriguing possibility that
15 Karlheinz Schreiber created a
16 phony paper trail to fool the
17 German taxman, leaving room for
18 inevitable speculation about
19 some important Canadians like
20 Brian Mulroney..."

21 41578 Et cetera, et cetera.

22 41579 MR. WOLSON: All right.

23 41580 THE RIGHT HON. BRIAN MULRONEY: That
24 sounds familiar, I think.

25 41581 MR. WOLSON: I have read it.

1 41582 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41583 MR. WOLSON: You know of it. I'm
3 sure the Commissioner knows about it. Probably most
4 counsel know of it.

5 41584 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 41585 MR. WOLSON: But let's then move
7 along.

8 41586 Fred Doucet says that when he hears
9 this information, he became concerned for you. And you
10 knew Fred would protect your back. There is no
11 question about that.

12 41587 Fred would help you if he could.

13 41588 THE RIGHT HON. BRIAN MULRONEY: Yes
14 indeed, he would help me to the limits of his ability
15 and --

16 41589 MR. WOLSON: Sure.

17 41590 THE RIGHT HON. BRIAN MULRONEY: --
18 and in a fully honest fashion. He wouldn't go beyond
19 that.

20 41591 MR. WOLSON: And then if you turn to
21 Tab 89, you will see a memo that Mr. Doucet creates to
22 memorialize, albeit in 1999 -- he memorializes the
23 December 8, '94 meeting that you had with
24 Mr. Schreiber.

25 41592 THE RIGHT HON. BRIAN MULRONEY: I see

1 that, sir.

2 41593 MR. WOLSON: Okay. Were you aware
3 that he had done that?

4 41594 THE RIGHT HON. BRIAN MULRONEY: No.

5 41595 MR. WOLSON: Were you aware that Fred
6 was concerned -- Mr. Doucet I should say, to be more
7 proper; that he was concerned that Mr. Schreiber was
8 getting very chatty with the media?

9 41596 And the concern that Mr. Doucet
10 had -- and I'm assuming he passed it on to you -- was
11 that perhaps he was feeding the fifth estate
12 information.

13 41597 Is that something that Mr. Doucet
14 advised you?

15 41598 THE RIGHT HON. BRIAN MULRONEY: He
16 may have. All I knew, sir, was that the general view
17 was that the new element here, the new element
18 beginning the 1st of September, thereabouts, 1999 --
19 and now we are heading towards the end of the year --
20 is that Mr. Schreiber is under an extradition order to
21 be returned to Germany.

22 41599 MR. WOLSON: Yes.

23 41600 THE RIGHT HON. BRIAN MULRONEY: That
24 became the driving force of his existence: to do
25 anything he could to avoid being returned to Germany,

1 where it was said -- it was said that with these
2 serious charges against him, he would probably spend
3 the rest of his life in jail.

4 41601 MR. WOLSON: Okay. But I want to ask
5 you whether Mr. Doucet had told you of his concerns
6 about Schreiber? Do you recall that?

7 41602 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 he told me that -- something to the effect that he
9 didn't like the smell of this whatsoever.

10 41603 MR. WOLSON: Okay.

11 41604 THE RIGHT HON. BRIAN MULRONEY: That
12 Schreiber was manoeuvring in the background to put out
13 stories that were inconsistent with the facts, as he
14 knew them.

15 41605 Yes, he told me that, sir.

16 41606 MR. WOLSON: Did you know that he was
17 going to meet with Mr. Schreiber on Boxing Day 1999?

18 41607 THE RIGHT HON. BRIAN MULRONEY: No, I
19 did not.

20 41608 MR. WOLSON: You found out about it
21 afterwards?

22 41609 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 41610 MR. WOLSON: He briefed you on the
24 meeting?

25 41611 THE RIGHT HON. BRIAN MULRONEY: I

1 believe Mr. Schreiber asked him to call me and debrief.
2 41612 MR. WOLSON: That's not what I'm
3 asking, who asked. But you know that Mr. Doucet
4 briefed you on the meeting?
5 41613 THE RIGHT HON. BRIAN MULRONEY: Yes,
6 I'm sorry, I thought you had asked me that, sir.
7 41614 MR. WOLSON: No.
8 41615 THE RIGHT HON. BRIAN MULRONEY: Okay.
9 41616 MR. WOLSON: Did Mr. Doucet suggest
10 to you that it would be a good idea after the December
11 26th meeting to have a subsequent meeting which took
12 place, we know, on the 11th of January of 2000 at the
13 Royal York?
14 41617 THE RIGHT HON. BRIAN MULRONEY: No,
15 he did not.
16 41618 MR. WOLSON: Did you know that there
17 was such a meeting planned?
18 41619 THE RIGHT HON. BRIAN MULRONEY: I
19 don't think I knew that it was planned, but I was
20 advised it took place.
21 41620 MR. WOLSON: Okay. And you were
22 advised that in the 26th of December meeting that (a)
23 Mr. Schreiber was upset with Luc Lavoie and his comment
24 calling him -- calling him words to the effect that he
25 wasn't -- wasn't very forthright.

1 41621 THE RIGHT HON. BRIAN MULRONEY: Yes,
2 wasn't very truthful.

3 41622 MR. WOLSON: Yes.

4 41623 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 I was aware of that.

6 41624 MR. WOLSON: Now, I want to focus,
7 then, on the January the 11th meeting.

8 41625 It is three minutes to 3:00. So why
9 don't we break.

10 41626 I can tell you I am all the way up to
11 page 16, so we are making some progress.

12 41627 THE RIGHT HON. BRIAN MULRONEY: Good.
13 Thank you.

14 41628 COMMISSIONER OLIPHANT: All right.

15 41629 We will break for 15 minutes and come
16 back at 3:15.

17 --- Upon recessing at 3:00 p.m. / Suspension à 15 h 00
18 --- Upon resuming at 3:30 p.m / Reprise à 15 h 30

19 41630 COMMISSIONER OLIPHANT: Be seated,
20 please.

21 41631 Mr. Wolson...?

22 41632 MR. WOLSON: Mr. Mulroney, if you
23 would turn up Tab 91, please.

24 41633 THE RIGHT HON. BRIAN MULRONEY: Yes,
25 sir.

1 41634 MR. WOLSON: That is Book 2, Tab 91.

2 41635 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 41636 MR. WOLSON: These are the notes that

4 Mr. Doucet took of his meeting with Mr. Schreiber on

5 the 11th of January of 1991 -- I'm sorry, of 2000, I

6 should say.

7 41637 And just to put things in

8 perspective, I can tell you that the day before this

9 day, January the 10th of 2000, is a letter that goes

10 out on the voluntary disclosure. I just want to put

11 things in perspective.

12 41638 I will deal with the voluntary

13 disclosure letter in a short time.

14 41639 But a letter goes out from your

15 counsel, Mr. Lefebvre, to the Voluntary Disclosure,

16 Canada Customs and Revenue, on the 10th of January of

17 2000. On the 11th of January of 2000 this meeting

18 takes place between Mr. Schreiber and Mr. Doucet.

19 41640 Now, if you look at point number

20 three of Mr. Doucet's notes, he says:

21 "Now on our friend ..."

22 41641 He identifies you:

23 "... I was quite taken by your

24 concern at our house..."

25 41642 And he is talking about the December

1 26th, '99 meeting at the house:

2 "... regarding an apparent
3 statement that Brian made.
4 Since you had invited me to tell
5 B.M. everything, I did. And
6 Brian quite frankly could not
7 understand where you would be of
8 that impression."

9 41643 You recall that? That was put to you
10 by your counsel.

11 41644 And apparently Mr. Doucet had part of
12 the text of the discovery, and you will recall in your
13 testimony when Mr. Pratte was asking you questions,
14 Mr. Mulroney, you hit your forehead, emulating what
15 Mr. Schreiber did; sort of the light went on and he
16 understood better your testimony at the discovery.

17 41645 You recall being asked that and
18 giving that type of answer?

19 41646 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 I do.

21 41647 MR. WOLSON: Did you know that
22 Mr. Doucet started to inquire of Mr. Schreiber what he
23 would say when he was under oath?

24 41648 Were you aware of that?

25 41649 THE RIGHT HON. BRIAN MULRONEY: No.

1 41650 MR. WOLSON: You will see that it
2 says:
3 "Now K.S...."
4 41651 This is the second paragraph of point
5 number three:
6 "Now K.S. let us imagine that
7 what you had in mind when you
8 called me to set up the Mirabel
9 meeting etc. regarding M.B.'s
10 consultancy internationally
11 comes out during your
12 discoveries."
13 41652 So he is asking Mr. Schreiber what he
14 is going to say at his discoveries.
15 41653 And for more evidence of that he
16 says, a little later on, the fourth line from the
17 bottom:
18 "Now if you are asked under oath
19 about the post 1993 period is
20 this what you're going to say."
21 41654 Do you see that?
22 41655 THE RIGHT HON. BRIAN MULRONEY: Yes.
23 41656 MR. WOLSON: Okay. So he is asking
24 Mr. Schreiber what Mr. Schreiber is going to say when
25 he is under oath to tell the truth.

1 41657 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41658 MR. WOLSON: Did he tell you that he

3 was going to ask a Schreiber that?

4 41659 THE RIGHT HON. BRIAN MULRONEY: No.

5 41660 MR. WOLSON: Did he tell you

6 afterwards that he asked Schreiber that?

7 41661 THE RIGHT HON. BRIAN MULRONEY: If he

8 says in his notes that he called me or was asked by

9 Mr. Schreiber to fill me in on the discussion, then he

10 probably did. But I have -- I have no recollection of

11 that, no.

12 41662 MR. WOLSON: You don't recall that?

13 41663 THE RIGHT HON. BRIAN MULRONEY: No.

14 41664 MR. WOLSON: Would you have asked him

15 to question Schreiber as to what Schreiber would say

16 when he was under oath?

17 41665 Is that something you would ask

18 Mr. Doucet to do?

19 41666 THE RIGHT HON. BRIAN MULRONEY: No.

20 41667 MR. WOLSON: So if he did it, he did

21 it on his own?

22 41668 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 Mr. Doucet I think has testified that when he watched

24 the program, he came to the conclusion that maybe

25 Mr. Schreiber was up to something that he felt was

1 inappropriate and he, I assume, just wanted to nail
2 down as best he could the documentation.

3 41669 Remember, it was Mr. Doucet who had
4 called me initially to say that Mr. Schreiber wished to
5 see me in August of 1993.

6 41670 MR. WOLSON: And I can tell you that
7 at page 2306, line 8 of Mr. Doucet's evidence, he says
8 that I probably discussed this with Mr. Mulroney.

9 41671 THE RIGHT HON. BRIAN MULRONEY: It's
10 possible.

11 41672 MR. WOLSON: Okay. As a matter of
12 fact, I will read to you and if you require the
13 transcript, I'm sure Mr. Hughes can provide it to you.

14 41673 You are going to ask me the date,
15 Mr. Hughes, and I don't know, but it is 2306.

16 41674 I think it was April the 27th --
17 April 28th.

18 41675 THE RIGHT HON. BRIAN MULRONEY: Yes,
19 sir.

20 41676 MR. WOLSON: I asked Mr. Doucet at
21 page 2306, line 1:

22 "You are obviously asking him
23 what he is going to say at his
24 discovery ..."

25 41677 That is Mr. Schreiber's discovery,

1 Mr. Mulroney:
2 "... because it concerned -- you
3 were obviously of concern that
4 it would be matters touching on
5 Mr. Mulroney. Obviously.
6 MR. F. DOUCET: Correct.
7 MR. WOLSON: Had you discussed
8 that with Mr. Mulroney?
9 MR. F. DOUCET: I probably had."
10 41678 You don't challenge that? If
11 Mr. Doucet said he probably discussed that with you,
12 you accept that?
13 41679 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 sure.
15 41680 MR. WOLSON: Okay. Now, Mr. Doucet
16 has told the Inquiry that he asked you whether or not
17 there was a mandate document, and you had said no and
18 he said that he told as a friend that there ought to be
19 something memorialized.
20 41681 THE RIGHT HON. BRIAN MULRONEY: M'hm.
21 41682 That is at 2313, line 7. You will
22 see it there.
23 41683 THE RIGHT HON. BRIAN MULRONEY: Yes.
24 41684 MR. WOLSON: I asked him a question
25 at line 7. "I had asked him" -- I'm reading now what

1 Mr. Doucet said.

2 41685 THE RIGHT HON. BRIAN MULRONEY: M'hm.

3 41686 MR. WOLSON:

4 "'I had asked him if in fact

5 there had been such a document.

6 He had told me 'no', and I told

7 him that it was my advice as a

8 friend that there ought to be

9 something. Even if there wasn't

10 at the time, it ought to be

11 somehow memorialized' ---"

12 41687 And I ask him if that's a correct

13 statement and he agrees that it is.

14 41688 Do you recall Mr. Doucet having this

15 type of conversation with you?

16 41689 THE RIGHT HON. BRIAN MULRONEY: With

17 me?

18 41690 MR. WOLSON: Yes.

19 41691 THE RIGHT HON. BRIAN MULRONEY: He

20 very probably did, yes.

21 41692 MR. WOLSON: All right. So you

22 don't -- if Mr. Doucet said it under oath in this

23 hearing, you don't challenge that?

24 41693 THE RIGHT HON. BRIAN MULRONEY: That

25 he would have said this to me?

1 41694 MR. WOLSON: Yes.

2 41695 THE RIGHT HON. BRIAN MULRONEY: No.

3 41696 MR. WOLSON: Okay. And in fact there
4 had been no mandate document. We know that.

5 41697 THE RIGHT HON. BRIAN MULRONEY: That
6 is right.

7 41698 MR. WOLSON: And that you thought,
8 following his advice to you, it would be a good idea.

9 41699 THE RIGHT HON. BRIAN MULRONEY: Well,
10 remember, sir, the context. At least three events had
11 taken place prior to this.

12 41700 First, Mr. Schreiber is arrested at
13 the end of August 1999. Then there is the CBC fifth
14 estate program in October of 1999. Then there is
15 Mr. Schreiber's statement that I may have an income tax
16 problem.

17 41701 And then there's the fourth statement
18 that he makes to Mr. Doucet on the 26th of December at
19 his home that there might be perjury in my -- these are
20 not the acts of a friendly man.

21 41702 MR. WOLSON: No.

22 41703 THE RIGHT HON. BRIAN MULRONEY: And
23 so obviously Mr. Doucet was being very prudent, I
24 suppose, and concerned, that Mr. Schreiber might be up
25 to no good.

1 41704 MR. WOLSON: And if there could be a
2 mandate, an accurate mandate which would memorialize
3 the agreement, even if it was years after the fact --
4 41705 THE RIGHT HON. BRIAN MULRONEY: M'hm.
5 41706 MR. WOLSON: -- that would be
6 something to keep in one's hip pocket?
7 41707 THE RIGHT HON. BRIAN MULRONEY: Well,
8 not necessarily. It would be something that would
9 indicate what the original agreement was.
10 41708 MR. WOLSON: All right. And then I
11 want to go on with regard to Mr. Doucet's testimony at
12 2315.
13 41709 Mr. Doucet says, at 2315, line 12:
14 "I sensed that there was a lot
15 of ambiguity about what the
16 assignment was, a lot of
17 innuendo and as far as some
18 media were concerned, they
19 appeared to be on a fishing trip
20 that would lead to no good."
21 41710 So you are basically agreeing with
22 that. That's what Fred -- words like that Fred told
23 you, and obviously because of ambiguity and because of
24 the matters that you have just articulated,
25 Mr. Mulroney, it would be a good idea to have a

1 memorialized mandate.

2 41711 THE RIGHT HON. BRIAN MULRONEY: I
3 thought the suggestion that Mr. Doucet made was a
4 worthwhile one, yes.

5 41712 MR. WOLSON: All right. And I would
6 like to turn to the mandate document.

7 41713 You will find it at Tab 93 of Book 2.

8 41714 The first document -- and let's just
9 focus on that one for a minute or two. That's a
10 document that was typed up by Mr. Doucet, according to
11 his testimony.

12 41715 Do you see that document?

13 41716 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 sir.

15 41717 MR. WOLSON: Okay. And what he said
16 about that document at 2335, he said I prepared the
17 mandate document based on Mr. Doucet's recollection,
18 because you know that he was there on December 8th at
19 the Pierre Hotel; right?

20 41718 THE RIGHT HON. BRIAN MULRONEY:
21 Excuse me. 2335?

22 41719 MR. WOLSON: Yes.

23 41720 THE RIGHT HON. BRIAN MULRONEY: Yes,
24 sir.

25 --- Pause

1 41721 MR. WOLSON: So if we go to the top
2 of page 2335, I say to Mr. Doucet:
3 "But you told the Commissioner
4 that when you prepared this
5 document..."
6 41722 And I am talking about the mandate
7 document here:
8 "... you prepared it based on
9 your own recollection --
10 MR. F. DOUCET: Yes."
11 41723 And let's just stop there for a
12 minute.
13 41724 Mr. Doucet was at the meeting at the
14 Pierre Hotel in New York, obviously.
15 41725 THE RIGHT HON. BRIAN MULRONEY: Yes.
16 41726 MR. WOLSON: He was a witness to what
17 was said; right?
18 41727 THE RIGHT HON. BRIAN MULRONEY: Yes.
19 41728 MR. WOLSON: All right. So when he
20 says on his own recollection, he answers yes, then I
21 say:
22 "... -- based on what Mr.
23 Schreiber had told you --"
24 41729 At line 5 of 2335, and he said:
25 "Yes."

1 41730 Then I said:
2 "... -- and based on what Mr.
3 Mulroney had told you."
4 41731 He answered:
5 "Correct."
6 41732 You had told him your version of what
7 the mandate was?
8 41733 THE RIGHT HON. BRIAN MULRONEY: Well,
9 remember that Mr. Doucet first called me to ask me if I
10 could accommodate Mr. Schreiber's request for a meeting
11 at Mirabel. He then asked Mr. Schreiber what the
12 mandate was and was told by Mr. Schreiber, which
13 Mr. Schreiber repeated to me.
14 41734 He set up the meeting at the Queen
15 Elizabeth Hotel, in the coffee shop of the Queen
16 Elizabeth Hotel, and I would debrief him on these
17 matters. And he attended the meeting in the Pierre
18 Hotel.
19 41735 So he had a pretty good idea of what
20 was going on. And meanwhile of course he was, I
21 believe, still continuing to act for Mr. Schreiber so
22 he had his own independent source of information.
23 41736 MR. WOLSON: Yes. But two things.
24 Number one, Mr. Doucet doesn't recall setting up the
25 Queen Elizabeth Hotel, just for the record; and,

1 secondly, he wasn't at the Mirabel Hotel.

2 41737 So when I read to you from 2335, I
3 would like you to confirm, if you can, that you had,
4 according to line 8, that when Mr. Schreiber prepared
5 this mandate document it came -- I'm sorry, when
6 Mr. Doucet prepared the mandate document it came from
7 three sources: his own recollection, what
8 Mr. Schreiber told him and what you told him.

9 41738 THE RIGHT HON. BRIAN MULRONEY:
10 That's probably very accurate.

11 41739 MR. WOLSON: Now let's take a look at
12 the mandate document itself. The first page is what he
13 typed up, and the second page is what was put in in
14 handwriting, partly, he says -- Mr. Doucet says -- by
15 him, and partly by Mr. Schreiber.

16 41740 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 41741 MR. WOLSON: The mandate talks about
18 a three-year period, the fee to cover services and
19 expenses --

20 41742 Do you see that?

21 41743 That would be in the --

22 41744 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 I see that.

24 41745 MR. WOLSON: Let's just look at the
25 blank document.

1 41746 The mandate will be for a three-year
2 period. You see that.

3 41747 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 41748 MR. WOLSON: And if you turn the page
5 that you are on, Mr. Mulroney, you will see another --
6 it's the same document, this time with handwriting on
7 the document.

8 41749 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 41750 MR. WOLSON: Are you there?

10 41751 THE RIGHT HON. BRIAN MULRONEY: Yes.

11 41752 MR. WOLSON: All right. And the
12 handwriting on the document, we have been told by Mr.
13 Doucet, is his handwriting --

14 41753 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 41754 MR. WOLSON: -- Doucet's handwriting,
16 and some of Mr. Schreiber's handwriting.

17 41755 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 41756 MR. WOLSON: Mr. Schreiber denies
19 that he wrote anything on the document, and it is a
20 miracle that his handwriting is on the document, but
21 let's just focus for a minute or two on Mr. Doucet's
22 evidence. That is what I am going to ask you to do.

23 41757 You will see at the top right-hand
24 corner of the document -- first of all, at the top of
25 the document it says "February 4, 2000".

1 41758 Do you see that?

2 41759 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 41760 MR. WOLSON: And I can tell you that

4 February 4th, 2000 is two days after you make your

5 voluntary disclosure in final form.

6 41761 THE RIGHT HON. BRIAN MULRONEY: Is

7 there something sinister about that?

8 41762 MR. WOLSON: No, I am just pointing

9 it out, because when we get to the document, I don't

10 want to have to come back to the mandate document.

11 41763 THE RIGHT HON. BRIAN MULRONEY: I

12 see.

13 41764 MR. WOLSON: Quite frankly, if there

14 were something sinister -- I am only asking the

15 questions, it's not for me to make any determination of

16 the --

17 41765 THE RIGHT HON. BRIAN MULRONEY: No,

18 it's just that you have come back to that twice, and I

19 just wanted clarification, that's all.

20 41766 MR. WOLSON: Then let me tell you

21 right up. The meeting with Schreiber on the 11th of

22 January of 2000, and the mandate document of February

23 4th of 2000, all take place during the time that your

24 counsel was negotiating with the CRA, or the voluntary

25 tax people. So that puts it in perspective.

1 41767 Now, let's keep on the mandate.
2 February 4th, 2000 -- that's at the top middle of the
3 page; right?

4 41768 THE RIGHT HON. BRIAN MULRONEY: Yes.
5 41769 MR. WOLSON: On the side, '93-'94,
6 that's the first year of the mandate, '94-'95 is the
7 second year of the mandate, and '95-'96 is the third
8 year of the mandate.

9 41770 You see that.

10 41771 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 I do.

12 41772 MR. WOLSON: It says, "To provide a
13 watching brief to develop economic opportunities for
14 our companies," and then there are the letters A, B and
15 C inserted. Right?

16 41773 THE RIGHT HON. BRIAN MULRONEY:
17 M'hmm.

18 41774 MR. WOLSON: Your answer is...?
19 41775 I only ask you because --

20 41776 THE RIGHT HON. BRIAN MULRONEY: Oh,
21 yes. It does indeed, yeah.

22 41777 MR. WOLSON: -- "M'hmm" doesn't work
23 in these proceedings.

24 41778 THE RIGHT HON. BRIAN MULRONEY: Yes.
25 41779 MR. WOLSON: I am going to get you on

1 that page yet, but we will continue:

2 "...including travelling abroad
3 to meet with government and
4 private sector leaders to assist
5 in opening new markets for our
6 products and to report
7 regularly... in this regard."

8 41780 That's accurate?

9 41781 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 41782 MR. WOLSON:

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

18 41783 That's accurate?

19 41784 THE RIGHT HON. BRIAN MULRONEY: Yes,
20 sir.

21 41785 MR. WOLSON: "The mandate will be for
22 a period of three years."

23 41786 That's accurate?

24 41787 THE RIGHT HON. BRIAN MULRONEY: It
25 had not been stipulated that precisely, but I

1 thought -- I construed from the payments that it was
2 for three years. But he had never -- no one had ever
3 said to me, "This is for three years," and limited it
4 precisely to three years.

5 41788 MR. WOLSON: Okay. This is a
6 document that you were ultimately briefed on by Mr.
7 Doucet.

8 41789 THE RIGHT HON. BRIAN MULRONEY: That
9 is right.

10 41790 MR. WOLSON: And you, according to
11 Mr. Doucet, had not asked for any changes to be made.

12 41791 That's what Mr. Doucet has testified.

13 41792 THE RIGHT HON. BRIAN MULRONEY:
14 That's right.

15 41793 MR. WOLSON:
16 "The mandate will be for a
17 period of three years. The fee
18 to cover services and expenses
19 is set at \$250,000 for the
20 period."

21 41794 You see that?

22 41795 THE RIGHT HON. BRIAN MULRONEY: I do,
23 yes.

24 41796 MR. WOLSON: Mr. Doucet had indicated
25 that he told you that, and you said "That's fine." You

1 never said anything more than that.

2 41797 THE RIGHT HON. BRIAN MULRONEY: I
3 said that I thought the whole document was fine.

4 41798 MR. WOLSON: Okay. Then, on that
5 document are three companies, which Mr. Doucet
6 indicated were put in by Mr. Schreiber.

7 41799 Yes?

8 41800 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 but I have to say, Mr. Commissioner, that when this
10 matter was raised with me, none of this was conveyed to
11 me -- these various companies and so on. I can't
12 remember any conveyance of those names, or what have
13 you, but the main body of it, yes.

14 41801 MR. WOLSON: All right. I am going
15 to cover that in a moment.

16 41802 What this document is intended to do
17 is to put you back to August 27th of '93, when you made
18 an agreement -- you entered into an agreement with
19 Schreiber.

20 41803 That's what this document is intended
21 to do; right?

22 41804 THE RIGHT HON. BRIAN MULRONEY:
23 That's right.

24 41805 MR. WOLSON: And your response to the
25 three companies is that it's not something that you --

1 if you heard it from Mr. Doucet, it didn't much matter
2 to you.

3 41806 THE RIGHT HON. BRIAN MULRONEY: No.

4 41807 MR. WOLSON: Then, it indicates at
5 the bottom your initials on the left-hand side.

6 41808 THE RIGHT HON. BRIAN MULRONEY: I
7 didn't sign anything.

8 41809 MR. WOLSON: No, no, no, I understand
9 that. I think what Mr. Doucet was trying to convey is
10 that this was the document, and it indicates that -- it
11 has an initial there. I know you didn't put the
12 initial on.

13 41810 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 41811 MR. WOLSON: And then it has "FDCI",
15 which is Mr. Doucet's company.

16 41812 THE RIGHT HON. BRIAN MULRONEY: Yes.

17 41813 MR. WOLSON: And then, on the
18 right-hand side, it has an initial, which I can't make
19 out --

20 41814 Right?

21 41815 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 41816 MR. WOLSON: And then it has: "1.
23 The mandate is accurate."

24 41817 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 41818 MR. WOLSON: And 2, the two companies

1 were Bayerische and Bitucan, Calgary, and any other
2 company that may be appropriate.

3 41819 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 41820 MR. WOLSON: And the amount paid over
5 the three years is \$250,000.

6 41821 It has that. You see that.

7 41822 THE RIGHT HON. BRIAN MULRONEY: Yes,
8 it does.

9 41823 MR. WOLSON: Now, Mr. Doucet says,
10 when the document was completed, that he called you and
11 told you of the document.

12 41824 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 41825 MR. WOLSON: Just so we have his
14 words, he did call you and he described the document to
15 you, and, in effect, you accepted that as the mandate
16 document.

17 41826 THE RIGHT HON. BRIAN MULRONEY: I
18 have no recollection of it, but if Mr. Doucet said he
19 did, he certainly did.

20 41827 MR. WOLSON: Well, I can tell you --
21 and just for the sake of completeness -- at page 2343
22 of his testimony, at line 11, I asked this question --

23 41828 It should be on the top of each page,
24 2343.

25 41829 THE RIGHT HON. BRIAN MULRONEY: Yes,

1 sir.

2 41830 MR. WOLSON: At line 11 I ask Mr.

3 Doucet:

4 "So you actually told Mr.

5 Mulroney, after this document

6 was effected, that the amount of

7 fees to cover services and

8 expenses was \$250,000."

9 41831 You see that.

10 41832 THE RIGHT HON. BRIAN MULRONEY: Yes,

11 I do.

12 41833 MR. WOLSON: "You told Mr. Mulroney

13 what Schreiber had told you."

14 41834 Mr. Doucet said, "I did."

15 41835 And I say, "And just to be sure," and

16 I tell him the page number that I am referring to in

17 his evidence, and he says at line 23:

18 "I just reported faithfully on

19 what Schreiber had told me."

20 41836 And then, at page 2344:

21 "In other words, you reported to

22 Mr. Mulroney, after this

23 document had been effected -- "

24 41837 Mr. Doucet said, "Yes."

25 "MR. WOLSON: -- that the amount

1 of money that Schreiber said was
2 involved was \$250,000."
3 41838 Doucet says, "Correct".
4 41839 And then I asked this question --
5 41840 THE RIGHT HON. BRIAN MULRONEY: I'm
6 sorry, sir, what --
7 41841 MR. WOLSON: Page 2344, line 11 --
8 41842 THE RIGHT HON. BRIAN MULRONEY: Yes.
9 41843 MR. WOLSON: "And he [meaning
10 Mulroney] made no changes."
11 41844 THE RIGHT HON. BRIAN MULRONEY:
12 That's right.
13 41845 MR. WOLSON: So that's a document
14 that you accepted when Mr. Doucet told you about it.
15 41846 That's fair to say?
16 41847 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 it seemed to me to be -- by my recollection, to be very
18 largely accurate and reflective of what had taken
19 place. I didn't spend time going over anything. It is
20 fully consistent with what I had told Mr. Kaplan,
21 namely, that the amount was not \$300,000, that it was
22 less than that, and so on -- and that it was a watching
23 brief.
24 41848 That was the case.
25 41849 MR. WOLSON: Then, at page 2345, just

1 to put punctuation on all of this, at line 13 I ask --
2 41850 Let's go back to line 9.
3 41851 At 2345, when I asked Mr. Doucet when
4 he told you about this document, he said:
5 "I would guess that it was
6 probably in the days that
7 followed."
8 41852 I said, "Okay, fair enough. So
9 sometime in February of 2000," and Mr. Doucet says,
10 "Correct".
11 41853 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 sir.
13 41854 MR. WOLSON: Why did you accept the
14 document that said \$250,000 and not 225?
15 41855 THE RIGHT HON. BRIAN MULRONEY: I
16 didn't accept any document, Mr. Doucet read it to me
17 over the telephone and I --
18 41856 I don't think I saw this document at
19 any time until it was deposited before the
20 parliamentary committee. I think that's when I first
21 had a look at it.
22 41857 MR. WOLSON: But why not say to Fred
23 Doucet, "Fred, you know, the amount is 225, not 250. I
24 would like you to speak to Mr. Schreiber"?
25 41858 Obviously, according to Doucet,

1 Schreiber was in a cooperative mood to meet with him.

2 41859 Why didn't you say to Mr. Doucet,

3 "Mr. Doucet," or Fred, "that's inaccurate"?

4 41860 THE RIGHT HON. BRIAN MULRONEY: Well,
5 when he read it to me, I remember thinking that Mr.
6 Schreiber has changed the number. He used to say it
7 was \$300,000, and now he is saying it's 250, and I knew
8 that it was -- I thought I knew pretty clearly that it
9 was 225.

10 41861 I didn't pay much attention, except
11 that I thought, maybe, Mr. Schreiber had a different
12 way of calculating expenses that may have taken place,
13 or what have you. It wasn't, to my mind, a major
14 event. I knew it was an inaccuracy, but you will
15 remember that I have told you something, I think,
16 important, which is that in December of the previous
17 year I had decided to terminate my relationship with
18 Mr. Schreiber and had moved to do precisely that.

19 41862 So while I was pleased that Mr.
20 Doucet was, on his own dime, trying to -- out of his
21 own volition, trying to clarify things, I didn't view
22 it as an exercise in the ultimate detail of anything.
23 He was just seeking to clarify the nature of the
24 mandate.

25 41863 So that's what happened.

1 41864 MR. WOLSON: But if you wanted to
2 have -- and that was Fred Doucet's advice to you -- an
3 accurate document to have memorialized --

4 41865 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 41866 MR. WOLSON: -- why not say to Mr.
6 Doucet -- unless you weren't sure, and if you weren't,
7 please tell me -- that the amount of 250 was
8 inaccurate?

9 41867 Was it inaccurate?

10 41868 THE RIGHT HON. BRIAN MULRONEY: Well,
11 first of all, I was not being sent a document for my
12 signature. This was not -- I was not asked to finalize
13 my recollection of anything, I was told in a quick
14 telephone call that this meeting had taken place, and,
15 generally speaking, here were the arrangements that
16 they had talked about.

17 41869 What struck me about it was the
18 accuracy of the important part, namely, the mandate up
19 above. Indeed, that was an accurate reflection of what
20 he had told me and what I had tried to do.

21 41870 I noticed that the -- I do remember
22 that the total figure was, in my case, slightly
23 inaccurate, it was 225 rather than 250, and from Mr.
24 Schreiber's recollection, he had always said that it
25 was 300, and it was down to 250 here.

1 41871 But I had not been sent this for
2 ratification or signature. Had I been sent it and he
3 said, "I want you to sign it once it is cleaned up,"
4 and so on, I would have gone back to Mr. Doucet
5 immediately and said: Look, I think there is a slight
6 error here, and a slight error here. Why don't we
7 clarify that before there is any signature?

8 41872 MR. WOLSON: All right, but Mr.
9 Doucet said that he phoned you, he told you that it was
10 \$250,000 -- one -- two, he told you that it was for a
11 three-year period, and you said, "That's fine," you
12 asked him to make no changes.

13 41873 Is that accurate?

14 41874 THE RIGHT HON. BRIAN MULRONEY: No --
15 well, yes, it is accurate.

16 41875 MR. WOLSON: Yes?

17 41876 THE RIGHT HON. BRIAN MULRONEY: It is
18 accurate, what Mr. Doucet said.

19 41877 But as I point out to you, sir, this
20 was a brief telephone call, where he simply told me,
21 among other things, what had been going on, and he
22 didn't say: Look, here is what took place. I've got
23 this piece of paper here. Here it is, with all kinds
24 of things scribbled all over it, written by Mr.
25 Schreiber and myself on this draft mandate. This thing

1 here. What I am going to do is clean this up, send you
2 a piece of paper, and I am going to ask you to sign it,
3 and I am going to do the same thing for Mr. Schreiber.

4 41878 None of that took place.

5 41879 All he told me, fairly briefly, was
6 the nature of the conversation. That's all.

7 41880 MR. WOLSON: All right.

8 41881 THE RIGHT HON. BRIAN MULRONEY: And I
9 gave him the answers, to the very best of my
10 recollection, and obviously, had I received the paper,
11 I would have been able to focus in on things.

12 41882 MR. WOLSON: And if it were not for a
13 period of three years, why not tell Mr. Doucet: Fred,
14 never mind the 250, but this was an ongoing
15 retainer/mandate, and it just didn't cover a three-year
16 period. There was no date which it covered. It
17 started in '93, but we were open as to the years that
18 we would have this relationship.

19 41883 Why wouldn't you do that, sir?

20 41884 THE RIGHT HON. BRIAN MULRONEY: Well,
21 remember the three-year interruption for Airbus that
22 impacted us all in that timeframe. So I didn't sit
23 down that day and calculate things. I, quite frankly,
24 expected that if this were going to be brought to
25 fruition, that rather than the brief conversation I

1 had, somebody would send me a document, I would look at
2 it, study it carefully, and then sign off on it, having
3 made the corrections that we had to make.

4 41885 MR. WOLSON: But Mr. Doucet never
5 asked Mr. Schreiber to sign, he never asked you to
6 sign, he was just doing this on your account, he
7 said --

8 41886 THE RIGHT HON. BRIAN MULRONEY: No,
9 that's wrong.

10 41887 MR. WOLSON: He wasn't acting for
11 you?

12 41888 THE RIGHT HON. BRIAN MULRONEY: No.
13 He told you, and I think he told us in testimony, Mr.
14 Commissioner, that this was of his volition. He
15 initiated this.

16 41889 MR. WOLSON: But he was doing it for
17 you.

18 41890 THE RIGHT HON. BRIAN MULRONEY: He
19 was not doing it on my account; he initiated it.

20 41891 MR. WOLSON: Okay. I see.

21 41892 THE RIGHT HON. BRIAN MULRONEY: I
22 think that's fair to say that's the testimony.

23 41893 MR. WOLSON: Well, what's fair to say
24 is that he phoned you and asked you whether there was
25 such a document in existence. You said no --

1 41894 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41895 MR. WOLSON: -- he suggested that
3 there ought to be one, and you thought that was a good
4 idea.

5 41896 THE RIGHT HON. BRIAN MULRONEY: Yeah,
6 his idea I thought was a good idea, not mine.

7 41897 MR. WOLSON: I see.

8 41898 By the way, when this document was
9 executed, in terms of its preparation -- and I know
10 that there are no signatures on it -- when this
11 document was prepared, it was prepared in February of
12 2000, when you would have known (a) the amount of money
13 of the agreement, and (b) the duration of the
14 agreement, because you were trying to put yourself back
15 in the original position.

16 41899 Is that not correct?

17 41900 THE RIGHT HON. BRIAN MULRONEY: I
18 was -- as I say, I have no problem with anything you
19 say. I received a telephone call from Mr. Doucet, who
20 had undertaken this of his own volition. He was trying
21 to be helpful to both parties.

22 41901 As it turns out, neither Mr.
23 Schreiber nor I -- certainly not me in the brief
24 telephone conversation -- corrected him on the 225, and
25 Mr. Schreiber, who was there, and whose handwriting

1 appears on the document, didn't correct him with regard
2 to the 250 as opposed to the \$300,000. He told him
3 that it was 250, apparently.

4 41902 So there were some errors in it, but
5 the thrust of the document retains its integrity, and
6 had I been asked to sign it, I would have made the
7 small corrections that were necessary and sent it back.

8 41903 MR. WOLSON: At Book 2, Tab 94, is
9 Mr. Doucet's summary of the events.

10 41904 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 sir.

12 41905 MR. WOLSON: He starts off on the
13 first point, "Events Post 1992".

14 41906 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 41907 MR. WOLSON: He starts off
16 discussing, or at least memorializing, I should say,
17 Schreiber asking if he can arrange a meeting between
18 you and Mr. Schreiber, and this turns out to be, we
19 know, the August 27th meeting.

20 41908 You agree with that.

21 41909 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 41910 MR. WOLSON: Point 2 is the actual
23 meeting at Mirabel.

24 41911 You agree with that.

25 41912 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 41913 MR. WOLSON: Point 3 is, subsequent
2 to Mirabel, you informed Mr. Doucet that he and "K.S."
3 had concluded an arrangement for an initial period of
4 three years, whereby you, through your consulting
5 company, would provide a watching brief, and, where
6 appropriate, make inquiries or representations in the
7 international area.

8 41914 You agree with that.

9 41915 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 41916 MR. WOLSON: Then he talks, at
11 paragraph 4, about a meeting -- he doesn't say the
12 Queen Elizabeth, but when I questioned him, he agreed
13 that he was talking about the Queen Elizabeth.

14 41917 THE RIGHT HON. BRIAN MULRONEY: Yes.

15 41918 MR. WOLSON: Paragraph 5 is talking
16 about the meeting that the two of you and Mr. Schreiber
17 had at The Pierre Hotel in New York.

18 41919 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 41920 MR. WOLSON: And then, at paragraph
20 9, he reported to you on his discussions with "K.S." --
21 "(with K.S.'s knowledge and approval)" -- and suggested
22 to you that they meet again -- "K.S." and he -- to
23 present in writing what "he had told me the mandate for
24 the consultancy was" with you, the terms and the fees:
25 I met him on February 4th, 2000, and I presented a

1 written statement to him.

2 41921 You agree with that.

3 41922 THE RIGHT HON. BRIAN MULRONEY: Yes,
4 sir.

5 41923 MR. WOLSON: And right at the end,
6 the last sentence of that paragraph:

7 "With his own (K.S.) handwriting
8 my notes show his identifying
9 those companies and when I asked
10 him what the fee was he told me
11 that the fee for services and
12 expenses had been set at
13 \$250,000 for the period '93/94
14 [that's Year 1]; '94/95 [Year
15 2]; '95/96 [Year 3]."

16 41924 THE RIGHT HON. BRIAN MULRONEY: Yes,
17 sir.

18 41925 MR. WOLSON: Now, you had told this
19 inquiry that you had never before dealt in cash with an
20 international consulting arrangement.

21 41926 That's true.

22 41927 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 sir.

24 41928 MR. WOLSON: You are on the Board, or
25 were, certainly, at the time of your discovery, on the

1 Board of many, many companies.

2 41929 I think you testified at the
3 discovery that you were involved with Barrick Gold.

4 41930 You were on the Board?

5 41931 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 41932 MR. WOLSON: You were on the Board of
7 Archer Daniels Midland.

8 41933 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 41934 MR. WOLSON: You were on the Board of
10 Horsham.

11 41935 THE RIGHT HON. BRIAN MULRONEY: Yes.

12 41936 MR. WOLSON: And these companies are
13 international in nature, and Horsham has holdings in
14 Europe, at least.

15 41937 At least that's what you told the
16 discovery -- real estate holdings.

17 41938 THE RIGHT HON. BRIAN MULRONEY: Yes,
18 that's right.

19 41939 MR. WOLSON: You were on the Board of
20 Power Corporation, an international company?

21 41940 THE RIGHT HON. BRIAN MULRONEY: No,
22 the International Advisory Council of Power
23 Corporation.

24 41941 MR. WOLSON: The International
25 Advisory Council.

1 41942 THE RIGHT HON. BRIAN MULRONEY: I was
2 never on the Board.

3 41943 MR. WOLSON: PetroFina?

4 41944 THE RIGHT HON. BRIAN MULRONEY: Yes.

5 41945 MR. WOLSON: Whose headquarters are
6 in Brussels?

7 41946 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 41947 MR. WOLSON: Just let me back up.
9 When did you get on the Board of Barrick Gold?

10 41948 THE RIGHT HON. BRIAN MULRONEY: 1993.
11 Late 1993, I think.

12 41949 MR. WOLSON: Okay. And Archer
13 Daniels Midland?

14 41950 THE RIGHT HON. BRIAN MULRONEY: The
15 same time.

16 41951 MR. WOLSON: And Horsham?

17 41952 THE RIGHT HON. BRIAN MULRONEY: About
18 the same time.

19 41953 MR. WOLSON: Power Corp.?

20 41954 THE RIGHT HON. BRIAN MULRONEY: I
21 wasn't on the Board of Power Corp.

22 41955 MR. WOLSON: You said that.

23 41956 THE RIGHT HON. BRIAN MULRONEY: The
24 International Advisory Council.
25 41957 Sometime in '94, '95, I would guess.

1 41958 MR. WOLSON: PetroFina?
2 41959 Were you on the Board?
3 41960 THE RIGHT HON. BRIAN MULRONEY: About
4 the same time.
5 41961 MR. WOLSON: Ninety --
6 41962 THE RIGHT HON. BRIAN MULRONEY: '94,
7 '95.
8 41963 MR. WOLSON: ProAGRA?
9 41964 THE RIGHT HON. BRIAN MULRONEY: That
10 was in Latin America, sometime in '96, '97.
11 41965 MR. WOLSON: China International
12 Trust and Investment?
13 41966 THE RIGHT HON. BRIAN MULRONEY: About
14 the same time.
15 41967 MR. WOLSON: '95, '96?
16 41968 THE RIGHT HON. BRIAN MULRONEY: '96,
17 '97, '98.
18 41969 MR. WOLSON: The International
19 Advisory Board for the Chemical Bank of New York?
20 41970 THE RIGHT HON. BRIAN MULRONEY: '94
21 perhaps.
22 41971 MR. WOLSON: Bombardier?
23 41972 THE RIGHT HON. BRIAN MULRONEY: About
24 the same time.
25 41973 MR. WOLSON: And these are all

1 companies -- I am sure that's not an exhaustive list --
2 I'm not sure. There may be others, and it's none of my
3 business if there are others, but these were public at
4 the discovery.

5 41974 I want to ask you, you have had a lot
6 of dealings with those companies, from early on -- '93
7 forward, I take it. Right?

8 41975 THE RIGHT HON. BRIAN MULRONEY: Yes.

9 41976 MR. WOLSON: And when you were paid
10 by any of those companies, you were paid by cheque,
11 obviously.

12 41977 THE RIGHT HON. BRIAN MULRONEY: Yes.

13 41978 MR. WOLSON: Now, tax matters --

14 41979 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 sir.

16 41980 MR. WOLSON: You would appreciate
17 that people in your income group pay about 50 percent
18 income tax on the income declared.

19 41981 That's a rough guide. You would
20 agree with that?

21 41982 THE RIGHT HON. BRIAN MULRONEY: I
22 would say roughly, yes.

23 41983 MR. WOLSON: In terms of your
24 expenses on the consultancy arrangement with Mr.
25 Schreiber, your expenses are roughly \$45,000.

1 41984 THE RIGHT HON. BRIAN MULRONEY: Yes.

2 41985 MR. WOLSON: I would suggest to you

3 that it's basic accounting principles and basic tax

4 advice that one deduct from their income expenses.

5 41986 That's quite basic, isn't it?

6 41987 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 41988 MR. WOLSON: You didn't do that.

8 41989 THE RIGHT HON. BRIAN MULRONEY: No, I

9 did not.

10 41990 MR. WOLSON: Why not?

11 41991 THE RIGHT HON. BRIAN MULRONEY:

12 Because I instructed in 1999 my tax advisors to resolve

13 this matter, both with the federal and the Quebec

14 governments, and to resolve, as I have always done, any

15 doubt in favour of the government. They took it on,

16 and came back with the matter resolved.

17 41992 I had no problem with them not

18 deducting expenses. I thought it was important that

19 the matter be resolved in a fair manner, and that's

20 what they did, and I was presented with the conclusions

21 at the end, simply saying that the matter is resolved,

22 prepare cheques for the following amounts, and that's

23 the end of it.

24 41993 MR. WOLSON: All right. And what you

25 did when you paid your taxes --

- 1 41994 THE RIGHT HON. BRIAN MULRONEY: Yes.
- 2 41995 MR. WOLSON: -- by way of the
3 voluntary disclosure, you disposed of, at some point in
4 the ordinary course, your expense records, although
5 they might not have been the kind that an accountant
6 would have, they were the kind that you had, which
7 outlined your expenses on the retainer.
- 8 41996 THE RIGHT HON. BRIAN MULRONEY: Yes,
9 sir.
- 10 41997 MR. WOLSON: You would agree with me
11 that it's basic business acumen that when one has in
12 their pocket, safe or bank safety deposit box \$225,000,
13 that basic business acumen is that you invest that
14 money and earn interest on it.
- 15 41998 That's basic advice that any
16 accountant, any tax lawyer, any businessman would give
17 you.
- 18 41999 THE RIGHT HON. BRIAN MULRONEY: It
19 wouldn't have been very good advice in the last year,
20 given what has happened to everybody's investments, as
21 it turns out, but as a general rule I would agree with
22 you.
- 23 42000 MR. WOLSON: And back in those days,
24 as I recall, term deposits were in and around 5
25 percent.

1 42001 THE RIGHT HON. BRIAN MULRONEY: Very
2 possibly.

3 42002 MR. WOLSON: Five percent on your
4 money, with a very safe term deposit, for many years,
5 is money lost, if you don't invest it, obviously.

6 42003 THE RIGHT HON. BRIAN MULRONEY: I
7 would say so, yes. Obviously.

8 42004 MR. WOLSON: You wouldn't recommend
9 that people take a quarter of a million dollars, or 25
10 percent less than a quarter of a million dollars, and
11 keep it in their pocket, their safe, their safety
12 deposit box. It's not a very savvy thing to do.

13 42005 THE RIGHT HON. BRIAN MULRONEY: You
14 are right, unless you had put your money in Lehman
15 Brothers last September, or Wells Fargo, or the Bank of
16 America, or any of these big financial institutions.

17 42006 Things change, but that does not
18 diminish the general approval that I would have for
19 your statement.

20 42007 MR. WOLSON: Sure.

21 42008 And as a matter of fact, back in
22 '93-'94, while they may not have been the best of
23 economic times, they were a far cry from today in terms
24 of the crumbling of --

25 42009 THE RIGHT HON. BRIAN MULRONEY: I

1 would agree with that.

2 42010 MR. WOLSON: -- of the financial
3 institutions.

4 42011 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 sir.

6 42012 MR. WOLSON: Yes. And it wouldn't be
7 very smart advice to say to somebody keep your money in
8 your mattress because the banking system may go south.

9 42013 It's not the kind of advice --

10 42014 THE RIGHT HON. BRIAN MULRONEY: I
11 agree with that, too.

12 42015 MR. WOLSON: -- you would give to
13 somebody.

14 42016 THE RIGHT HON. BRIAN MULRONEY: I
15 agree with that, too.

16 42017 MR. WOLSON: You instructed your tax
17 advisor that you had \$225,000 to declare.

18 42018 THE RIGHT HON. BRIAN MULRONEY: That
19 is right.

20 42019 MR. WOLSON: Had you in 1993, '94,
21 '95, '96, '97, '98 or '99 declared on your income tax a
22 reserve of the \$225,000; that is, declared it but taken
23 as a reserve? Had you done that?

24 42020 THE RIGHT HON. BRIAN MULRONEY: No, I
25 have not, because my -- while I am not a tax lawyer,

1 Mr. Commissioner, my understanding of the retainer
2 provisions at the time was that if you receive funds
3 for a retainer account, you are entitled to take
4 expenses if you wish, and they are documented, but you
5 don't have to declare as income any sums that are
6 outstanding unless and until you take them into income;
7 the money becomes yours.

8 42021 And I did that in 1999, so I believed
9 that I was not late in any way on my income tax; and
10 that when I paid the income tax in '99-2000 that the
11 amount was paid and fully resolved, with one exception.

12 42022 I chose not, because I didn't believe
13 that I had sufficient documentation -- I had
14 documentation, but I didn't want to quarrel over
15 anything. I did not claim any deductions for the
16 approximate \$45,000 that I had spent in expenses.

17 42023 And so I said to my advisors count it
18 all as income, deduct nothing, declare it to the
19 governments and pay tax on it.

20 42024 MR. WOLSON: The whole idea, though,
21 of declaring your income in the years that you receive
22 the money and there on is you declare the \$225,000 to
23 the income tax, but you don't pay tax on it because you
24 haven't earned it yet, potentially. You make a reserve
25 of the \$225,000.

1 42025 But you didn't do that.

2 42026 THE RIGHT HON. BRIAN MULRONEY: I
3 didn't do that and I did not think or know that I had
4 to do that.

5 42027 MR. WOLSON: Okay.

6 42028 THE RIGHT HON. BRIAN MULRONEY: And
7 my advice to this day was that I didn't have to do it.
8 I may be wrong on that, but that's where I was.

9 42029 MR. WOLSON: Okay. In 1993 you went
10 to China and you did some work for Mr. Schreiber.

11 42030 THE RIGHT HON. BRIAN MULRONEY:
12 That's right.

13 42031 MR. WOLSON: You would have earned a
14 fee for doing that work and that is --

15 42032 THE RIGHT HON. BRIAN MULRONEY:
16 Against the retainer, yes.

17 42033 MR. WOLSON: Against the retainer you
18 earned a fee. But you also had an expense.

19 42034 THE RIGHT HON. BRIAN MULRONEY:
20 That's right.

21 42035 MR. WOLSON: Did you not think in
22 1993 or 1994 that you would declare the money that you
23 earned on behalf of Mr. Schreiber's interests against
24 the retainer and you would write off, then, the
25 expense -- let's say you earned \$20,000 for your trip

1 to China. You had \$10,000 in expenses. Would you not
2 think that you would write up in 1994 -- I will stop.

3 42036 COMMISSIONER OLIPHANT: Mr.
4 Pratte...?

5 42037 MR. PRATTE: I don't want to stop the
6 line of questioning necessarily, Mr. Commissioner, but
7 I just want to register, and to a degree I suppose
8 repeat the comments I made when I asked some questions
9 of Mr. Mulroney on the tax disclosure thing; and as
10 well harken back to the discussion we had on the issue
11 of clarifying your ruling, with regard in particular to
12 the application of the Income Tax Act.

13 42038 I don't want to stand up -- I know
14 Mr. Wolson thinks I have stood up too often thus far,
15 but I would just like to record that in my respectful
16 submission, these matters effectively touch on
17 compliance of various rules of the Income Tax Act.

18 42039 I am not asking you to rule on that,
19 Mr. Commissioner. I should simply like to record that
20 whilst these questions can proceed for a while, they
21 are proceeding under a reserve of my objection that
22 these matters effectively are matters of compliance
23 with the Income Tax Act; that they are not matters that
24 you should concern yourself with under your mandate.

25 42040 So I would just like to record that

1 objection.

2 42041 Mr. Mulroney has already testified
3 that he is not an expert in the Income Tax Act. He
4 told you what he felt was his honest belief and now we
5 are getting into whether or not his belief was accurate
6 under the Income Tax Act, yes or no.

7 42042 So that's why I rose at that point.

8 42043 But that being said,
9 Mr. Commissioner, I am prepared to let Mr. Wolson
10 proceed. I just want this umbrella objection to be
11 recorded and for you to know that I am not waiving any
12 rights in respect of that issue.

13 42044 I appreciate you have to hear the
14 evidence and at some point later we might argue about
15 it.

16 42045 COMMISSIONER OLIPHANT: Yes. I will
17 just say, quite frankly, that I haven't read into the
18 questions being asked any assertion that there was a
19 failure to comply with the Income Tax Act.

20 42046 Mr. Mulroney has taken advantage of
21 provisions of the Income Tax Act that are available,
22 but Mr. Wolson was asking him about reserves which he
23 didn't do and claiming income in a certain year with
24 expenses charged against that income.

25 42047 I don't see that as a failure to

1 comply. I perhaps would like to hear from Mr. Wolson
2 on that.

3 42048 MR. WOLSON: Well, quite frankly,
4 there are more issues than just compliance. You said
5 when you made your clarification ruling that you would
6 be informed by the Income Tax Act.

7 42049 We are not here to castigate somebody
8 for noncompliance, but it is a factor in other ways.
9 If you want me to articulate in which ways, I would
10 prefer that we do so in the absence of the witness.

11 42050 But more importantly, I don't think
12 my friend, while he has risen and made a statement, he
13 is not objecting so I am going to go on unless you tell
14 me otherwise.

15 42051 COMMISSIONER OLIPHANT: Well, he said
16 there was an umbrella objection.

17 42052 MR. PRATTE: Mr. Commissioner, I know
18 that Mr. Wolson and I may differ as to the purpose of
19 the questions and whether or not appropriateness is
20 distinct from compliance. We have had that discussion
21 before. And where that ends up at the end of the day
22 is something you will have to assess once all the
23 evidence is in and the arguments have been made.

24 42053 All I am stating is that I don't want
25 to stand up and have this argument on every question

1 and ask you to rule on every question as to whether or
2 not it comes closer to compliance or appropriateness.

3 42054 My respectful submission is that
4 these questions ultimately, to the extent that they go
5 to compliance, are not appropriate and, further, as I
6 have argued before, that ultimately appropriateness in
7 this context resolves itself and is equal to
8 compliance.

9 42055 That's all I'm saying. I am going to
10 argue that most likely when we reconvene on June the
11 10th.

12 42056 And with that general objection, it
13 is acceptable if Mr. Wolson keeps going on this line of
14 questioning. I just don't want you to think that I am
15 waiving the argument at the end of the day. That's all
16 I'm saying.

17 42057 He is looking at his watch and I am
18 going to sit down on that. I hope my position is
19 clear.

20 42058 COMMISSIONER OLIPHANT: I never
21 anticipated that you would waive any argument on any
22 point, Mr. Pratte.

23 42059 I think that, you know, the best way
24 to deal with this is to hear the evidence. You can
25 make your argument at the end.

1 42060 Believe me, as you know, judges all
2 the time hear evidence that ultimately is not accepted
3 because it is inadmissible or it lacks weight. And you
4 will be free to make your argument at an appropriate
5 time. Okay?

6 42061 MR. PRATTE: With that, I am content
7 to sit down. Thank you.

8 42062 COMMISSIONER OLIPHANT: Fine.

9 42063 Mr. Wolson...?

10 42064 MR. WOLSON: If he sits down, I will
11 stand up then.

12 42065 The question that I was asking you
13 about, Mr. Mulroney, was this: In 1993 you went to
14 China. You did some work there for Mr. Schreiber.

15 42066 You have explained that work to the
16 Commissioner; true?

17 42067 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 42068 MR. WOLSON: My question to you is
19 this: You incurred about \$10,000 worth of expenses on
20 that trip and I am not challenging that in my question
21 to you now.

22 42069 THE RIGHT HON. BRIAN MULRONEY: Fine.

23 42070 MR. WOLSON: You would have earned
24 some fee --

25 42071 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 42072 MR. WOLSON: -- as against the
2 retainer for the work that you had done, and you would
3 be entitled, legitimately, to earn that fee.

4 42073 Why did you not, then, take the fee
5 that you earned, less the expenses, and declare that on
6 your 1993 -- or I think you went in October -- or 1994
7 income tax?

8 42074 THE RIGHT HON. BRIAN MULRONEY: As I
9 indicated to you, I believed that I was operating in a
10 retainer arrangement. I chose not to, and the money
11 would become mine only when the retainer was exhausted
12 or had been collapsed. And I took neither the fees
13 into income, because I didn't charge any fees at the
14 time. I wasn't in that business at the time because it
15 was a retainer.

16 42075 And I didn't claim any of the
17 expenses.

18 42076 Mr. Wolson, I guess -- and
19 Mr. Commissioner, I could probably put it this way:
20 Over the years I received \$225,000 in fees for fees and
21 expenses. I declared the entire amount, \$225,000, as
22 income and paid tax on it.

23 42077 I claimed no expenses to reduce my
24 income. I paid the amount on the full tariff.

25 42078 That was my understanding of the

1 retainer provisions, retainer and/or advance provisions
2 as they then were, and I was told, parenthetically and
3 in conclusion, that by utilizing as my advisors did, a
4 voluntary disclosure, it indicated -- these are used by
5 thousands of Canadians every year for all kinds of
6 reasons.

7 42079 In my case, my circumstances allowed
8 me to conclude that there was no acceptance of any
9 degree or any kind of culpability in using this. It
10 was an entirely appropriate vehicle for me to use in
11 the circumstances.

12 42080 Now correct me, sir, if I am wrong.

13 42081 MR. WOLSON: Yes.

14 42082 THE RIGHT HON. BRIAN MULRONEY: But I
15 think it is important that I be allowed to say this.

16 42083 My understanding of the retainer
17 provisions was that I did not owe any taxes. I paid
18 the taxes appropriately when I did. I had nothing to
19 do with the negotiations with either the federal
20 government or the Québec government. I gave the file
21 to my advisors. When they came back to me, having
22 resolved it, they just simply told me it is resolved.
23 Please send a cheque for such and such amount to Ottawa
24 and Québec. That was it.

25 42084 MR. WOLSON: All right. I just want

1 you to focus on the particular question that I asked.

2 42085 THE RIGHT HON. BRIAN MULRONEY: Yes,
3 sir.

4 42086 MR. WOLSON: I have asked you about
5 China.

6 42087 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 42088 MR. WOLSON: I'm assuming the answer
8 that you would give is that you didn't know that you
9 should declare the income you earned on your China trip
10 in a timely way and take that income, deduct the
11 expense, and declare what income you earned.

12 42089 You didn't understand that you should
13 be doing that?

14 42090 THE RIGHT HON. BRIAN MULRONEY: I did
15 not. My belief was the one for retainers that I have
16 articulated for you.

17 42091 MR. WOLSON: Okay.

18 42092 THE RIGHT HON. BRIAN MULRONEY: And
19 may I say, I'm not -- I'm not going to quarrel at all
20 with you, sir. I'm not entirely sure that the
21 principle that you have just articulated is or was
22 applicable in 1993, '94 or '95.

23 42093 I am not an expert --

24 42094 MR. WOLSON: Yes.

25 42095 THE RIGHT HON. BRIAN MULRONEY: --

1 but I was given contrary advice.

2 42096 MR. WOLSON: Yes. And we are going
3 to have somebody here from CRA on the issue of
4 retainers.

5 42097 In 1994 you went to Russia. You
6 incurred expenses.

7 42098 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 42099 MR. WOLSON: About \$12,000.

9 42100 THE RIGHT HON. BRIAN MULRONEY:
10 Approximately, yes.

11 42101 MR. WOLSON: And you earned a fee by
12 doing what you did in Russia with Mr. Yeltsin. And you
13 are entitled to earn a fee.

14 42102 You did earn a fee, didn't you?

15 42103 THE RIGHT HON. BRIAN MULRONEY: I
16 did.

17 42104 MR. WOLSON: Okay.

18 42105 In 1994 you went to France to see
19 Mr. Mitterand, or you were in France --

20 42106 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 42107 MR. WOLSON: -- and saw
22 Mr. Mitterand.

23 42108 THE RIGHT HON. BRIAN MULRONEY: I was
24 in Belgium and I saw Mr. Mitterand when I was in
25 France, yes.

1 42109 MR. WOLSON: In Paris.

2 42110 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 42111 MR. WOLSON: Okay. It caused some
4 expenses, legitimate expenses; right?

5 42112 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 42113 MR. WOLSON: You made a fee; right?

7 42114 THE RIGHT HON. BRIAN MULRONEY: Yes.

8 42115 MR. WOLSON: As against the retainer?

9 42116 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 42117 MR. WOLSON: In 1994, five or six did
11 you declare to the income tax the fees that you had
12 earned in Russia or in France as against the expenses
13 that you incurred and pay the income tax on it?

14 42118 THE RIGHT HON. BRIAN MULRONEY: No.
15 I indicated to you, sir, that I resolved the matter in
16 1999 fully.

17 42119 MR. WOLSON: Okay. Now, you say you
18 had an ongoing retainer; right?

19 42120 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 42121 MR. WOLSON: But the mandate document
21 talks about a three-year mandate which would be over in
22 1995-96.

23 42122 THE RIGHT HON. BRIAN MULRONEY: Yes.

24 42123 MR. WOLSON: Not an ongoing retainer.

25 42124 THE RIGHT HON. BRIAN MULRONEY:

1 That's right.

2 42125 MR. WOLSON: Why didn't you declare
3 in 1996 or '97 or '98 or '99, write up the fee that you
4 had earned, create a paper trail by doing so?

5 42126 Why didn't you do that?

6 42127 THE RIGHT HON. BRIAN MULRONEY:

7 Because three years were blown out of my life in 1995
8 by the Airbus matter. We were blown up completely with
9 that, and in many ways my life almost came to an end
10 because of that.

11 42128 MR. WOLSON: Okay.

12 42129 THE RIGHT HON. BRIAN MULRONEY: And
13 so you can be certain that there was no work going on
14 of that nature at that time.

15 42130 MR. WOLSON: But if you turn to Tab
16 124 --

17 42131 THE RIGHT HON. BRIAN MULRONEY: Of
18 what book, sir?

19 42132 MR. WOLSON: Tab 124, Book 2, please,
20 sir.

21 42133 THE RIGHT HON. BRIAN MULRONEY: Yes.

22 --- Pause

23 42134 MR. WOLSON: If you would go to page
24 3 of that tab -- so go three pages in Tab 124.

25 42135 THE RIGHT HON. BRIAN MULRONEY: Tab

1 124, sorry. Yes.

2 42136 MR. WOLSON: This is a letter written
3 on Ogilvy Renault stationery by your tax advisor, your
4 tax lawyer, Wilfrid Lefebvre; right?

5 42137 THE RIGHT HON. BRIAN MULRONEY: There
6 are a number of letters. Which one?

7 42138 MR. WOLSON: The third page in, which
8 would be January 27, 2000.

9 42139 THE RIGHT HON. BRIAN MULRONEY:
10 January 27.

11 42140 MR. WOLSON: It is the third page in
12 the set of documents. Are you there?

13 42141 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 I'm here, yes.

15 42142 MR. WOLSON: Okay. Your tax advisor,
16 tax lawyer I should say --

17 42143 THE RIGHT HON. BRIAN MULRONEY: Yes.

18 42144 MR. WOLSON: And this is, by the way,
19 Mr. Lefebvre. I don't know him. I don't know a lot of
20 tax lawyers. But he is a very competent and senior tax
21 counsel?

22 42145 THE RIGHT HON. BRIAN MULRONEY: Yes,
23 he is.

24 42146 MR. WOLSON: Okay. He indicated to
25 CRA or to the voluntary tax people -- he indicated to

1 them that he was disclosing:

2 "\$75,000 is the amount involved
3 for each of the following
4 taxation years: 1993, 1994 and
5 1995."

6 42147 THE RIGHT HON. BRIAN MULRONEY: Yes.

7 42148 MR. WOLSON: He wasn't dealing with
8 this as if this were an ongoing retainer. He was
9 dealing with this as if the fees were earned '93, '94,
10 '95. That's how he dealt with it.

11 42149 Is that your knowledge of the matter?

12 42150 THE RIGHT HON. BRIAN MULRONEY: I
13 have no understanding or no information at all in
14 regard to any of his correspondence.

15 42151 Mr. Lefebvre, who is an excellent tax
16 lawyer, accepted my mandate and went away and did his
17 thing.

18 42152 MR. WOLSON: But you had to give him
19 some basic information.

20 42153 THE RIGHT HON. BRIAN MULRONEY: Yes,
21 I gave him the information that I thought was
22 appropriate and relevant, and I went away and he
23 resolved the matter.

24 42154 I never saw any communications or
25 anything like that.

1 42155 MR. WOLSON: But he surely can't
2 dream up that the years were '93, '94, '95. That has
3 to be something coming from you.

4 42156 THE RIGHT HON. BRIAN MULRONEY: I
5 think he probably made that assumption, sir. I don't
6 know.

7 42157 I had no conversations with him
8 beyond the original mandate conversation and at the end
9 of which, the complete end of which, he told me the
10 matter was resolved and to have cheques prepared,
11 period.

12 42158 I had told him to resolve any doubt,
13 any doubt, in favour of the federal government; to
14 declarer the amount which I was asked, \$225,000, and
15 pay tax on it.

16 42159 MR. WOLSON: And you don't know where
17 he got the years '93, '94, '95 from?

18 42160 THE RIGHT HON. BRIAN MULRONEY: I
19 assume that he got them -- I don't know, perhaps from
20 me, perhaps from correspondence or discussion. I don't
21 know.

22 42161 MR. WOLSON: But he must --

23 42162 THE RIGHT HON. BRIAN MULRONEY:
24 Perhaps from my accountant, I don't know.

25 42163 MR. WOLSON: I thought you had said

1 at one point --

2 42164 MR. PRATTE: Mr. Commissioner, when I
3 raised these questions, Mr. Mulroney also said that we
4 are not waiving matters of solicitor-client privilege.

5 42165 I have let Mr. Wolson go, but to the
6 issues I have already raised with you, I also wanted to
7 raise with this one; that we are now into
8 correspondence before the final agreement.

9 42166 Mr. Mulroney has said over and over
10 again he was not involved in the details; he didn't
11 even see these letters. And now effectively Mr. Wolson
12 is trying to -- well, he is asking questions which
13 necessarily go to solicitor-client privilege.

14 42167 So I bring that to your attention,
15 Mr. Commissioner.

16 42168 COMMISSIONER OLIPHANT: Seeing that
17 you have raised the issue of solicitor-client
18 privilege, surely the privilege is waived by the filing
19 of the letter.

20 42169 MR. PRATTE: To the extent of the
21 information in the letter, but where the information
22 came from, who he checked it with, those are matters --
23 the information is there, the exchange. That is what
24 is told to the income tax authorities, but --

25 42170 COMMISSIONER OLIPHANT: Yes. And

1 Mr. Mulroney has said that he wasn't aware of this and
2 he is making assumptions as to where Mr. Lefebvre might
3 have got the information.

4 42171 MR. PRATTE: Just on that point, sir,
5 that I rise. Beyond that, you are correct.

6 42172 COMMISSIONER OLIPHANT: Fine.

7 42173 Mr. Wolson...?

8 42174 MR. WOLSON: Mr. Mulroney, other than
9 the mandate document, was there any document outlining
10 the three-year mandate, other than the mandate
11 document?

12 42175 THE RIGHT HON. BRIAN MULRONEY: I
13 don't think there was a document. I simply concluded
14 from conversations with Mr. Schreiber that he was
15 looking at an open-ended arrangement, but which I kind
16 of concluded, because of the nature of the three
17 payments, might be three years.

18 42176 It turned out that might not have
19 been entirely accurate, because in 1998 he raised with
20 me again the -- I'm sorry, he raised for the first time
21 the pasta matter and was very clear that he wished --
22 he obviously wished me to do something, because at the
23 end of his meeting with Mr. Doucet he asked Mr. Doucet
24 if he would speak to me to renew the retainer
25 arrangement for another period of years.

1 42177 So I placed the construction on it
2 that I thought was fair.

3 42178 MR. WOLSON: Well, I'm just trying to
4 find out where, aside from you, any lawyer could find
5 out the three years of the retainer agreement. Could
6 it have come from someone other than you?

7 42179 THE RIGHT HON. BRIAN MULRONEY: No,
8 but I think if you do the calculation, sir, it is very
9 simple. It's not a mystery novel.

10 42180 He retains me in 1993. Work is done
11 in 1993, 1994 and '95. As I say, my world is blown
12 apart in 1995. Three years pass and I meet him in 1998
13 and he is talking them -- there was a big hole in the
14 heart of the retainer at that point in time, three
15 empty years.

16 42181 So I work with him. I meet him in
17 1998 and I try and move things along. And then what
18 happened in 1999 causes me, for reasons I have told
19 you, to seek to terminate it.

20 42182 MR. WOLSON: Except that the mandate
21 document that was prepared was prepared in 2000 --

22 42183 THE RIGHT HON. BRIAN MULRONEY: Yes.

23 42184 MR. WOLSON: -- which was the point
24 that I raised with you before.

25 42185 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 42186 MR. WOLSON: If in fact it wasn't the
2 years that are noted on the mandate document that were
3 disclosed to you by Mr. Doucet, '93-'94, '94-'95,
4 '95-'96 --

5 42187 THE RIGHT HON. BRIAN MULRONEY: M'hm.

6 42188 MR. WOLSON: -- wouldn't you have
7 said well, hold on, Fred, my world -- and I'm not
8 challenging you on this. I know the pain that you
9 suffered.

10 42189 Wouldn't you have said to Mr. Doucet
11 that is inaccurate. The mandate was '94-'95, '95-'96,
12 but then there was a hiatus?

13 42190 Wouldn't you have said that?

14 42191 THE RIGHT HON. BRIAN MULRONEY: I
15 have already -- you think that Mr. Doucet didn't know
16 that? Of course he knew it, sir.

17 42192 I indicated to you that before I
18 would have signed any document, including this
19 embryonic attempt at trying to reconstruct a mandate, I
20 would have sat down and examined it very carefully and
21 made the necessary connections -- corrections before
22 signing it. And I think in fairness so would
23 Mr. Schreiber.

24 42193 So I take it for what it was: an
25 honest attempt by a friend of both sides to try and

1 memorialize something that had taken place a few years
2 earlier.

3 42194 MR. WOLSON: The question that I have
4 for you is this: Given the mandate document, given
5 your lawyer's letter to the voluntary tax people where
6 he outlines the years '93, '94 and '95, why didn't you
7 pay income tax in '96 or '97 or '98 or '99?

8 42195 THE RIGHT HON. BRIAN MULRONEY: I
9 have already told you. I got \$225,000 in income and I
10 paid -- I declared it all as income and paid income on
11 it at a time that I thought was entirely appropriate,
12 namely at the end of the retainer.

13 42196 Now, you may argue or have somebody
14 come forward and argue that my interpretation of the
15 retainer provisions of the Act were inaccurate or less
16 than adequate at the time. That may be.

17 42197 All I'm telling you is that I had
18 \$225,000 of income and I paid taxes on it. I paid
19 taxes to the satisfaction of the Canadian government
20 and the Québec government.

21 42198 So I feel that I did the right thing.
22 I feel that I was not late in paying taxes.

23 42199 You know, you may have a technical --
24 you may be absolutely right, I don't know -- a
25 technical argument as to whether this should have been

1 paid in 93 or whether -- had I done that, I suppose my
2 income would have been reduced by the \$45,000 and so
3 the tax man would have gotten less.

4 42200 But I didn't claim the expenses. I
5 declared it all as income and paid taxes on that.

6 42201 And I told my advisors if there is
7 any doubt anywhere, please resolve the doubt in favour
8 of the tax department of the Government of Canada and
9 the Government of Québec.

10 42202 MR. WOLSON: But if you had paid in
11 1996, you would have declared \$225,000. Whether you
12 declared expenses or not would be your issue. You
13 would have paid about half of the \$225,000, so about
14 \$110,000 or \$115,000 is what you would have paid if you
15 declared the \$225,000 in '96 or '97 in the ordinary
16 course of your business dealings.

17 42203 You would agree with that statement?

18 42204 THE RIGHT HON. BRIAN MULRONEY: No, I
19 wouldn't, because in that year I was before the courts
20 in Montréal.

21 42205 MR. WOLSON: What does that have to
22 do with --

23 42206 THE RIGHT HON. BRIAN MULRONEY: It
24 has to do a lot. As far as I was concerned, the
25 retainer arrangements were suspended, were in hiatus.

1 42207 You have indicated to me that you
2 understand the enormity of what happened to me in those
3 years. And so as far as I was concerned, my life kind
4 of, in that area, re-began after the resolution of that
5 litigation and sometime in 1998 when I met
6 Mr. Schreiber in Zürich.

7 42208 And so I was of the view -- and still
8 am; you may have an expert who can correct me on
9 this -- that I, using this in a proper way for
10 retainer, owed no taxes until I took it into income.
11 And I only took it into income in the year 2000, and
12 that is when I paid.

13 42209 Now, how this was dealt with by tax
14 advisors and the two tax departments I don't know.

15 42210 But I just can tell you that I paid
16 my taxes fully, to the best of my knowledge at all
17 times, and that it was resolved to the satisfaction of
18 both governments and that I was told, Mr.
19 Commissioner -- and this is important to me. You
20 better believe it is important; it would be to anybody.

21 42211 The use of the vehicle chosen by my
22 advisors indicated no culpability of any kind on my
23 part. I did what I thought was right and I did it
24 fully.

25 42212 And to make absolutely certain that

1 the government was getting the benefit of the doubt, I
2 told them do not claim any expenses of any kind. Put
3 it all into income and I will pay tax on it.

4 42213 MR. WOLSON: Mr. Mulroney, I asked
5 you because it came from a comment that you made: If
6 you had paid taxes in 1996, you would have paid half of
7 \$225,000 approximately; right?

8 42214 THE RIGHT HON. BRIAN MULRONEY: I
9 have no idea.

10 42215 MR. WOLSON: But you said when I
11 started asking you questions in the tax area that
12 approximately you pay half of your income to income
13 taxes.

14 42216 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 minus all the expenses.

16 42217 MR. WOLSON: All right. So that if
17 you declared it in 1996 or 7, you would have paid
18 \$225,000 -- you would have declared \$225,000 and paid
19 about \$115,000 ballpark and you could have taken from
20 the \$225,000 expenses and then you would have paid half
21 of what was left; right?

22 42218 THE RIGHT HON. BRIAN MULRONEY: I
23 don't know the answer to that, sir.

24 42219 MR. WOLSON: You don't, I see.

25 42220 THE RIGHT HON. BRIAN MULRONEY: All I

1 know -- you are asking me about 1996?

2 42221 COMMISSIONER OLIPHANT: If you don't
3 know the answer, that is sufficient, Mr. Mulroney.

4 42222 THE RIGHT HON. BRIAN MULRONEY: I
5 just don't know the answer. That is a highly technical
6 question. I'm sorry I don't know.

7 42223 COMMISSIONER OLIPHANT: You say you
8 don't know the answer. If you keep talking, you will
9 convince me that you do know the answer.

10 42224 MR. PRATTE: Well, Mr. Commissioner,
11 we are really going, with the greatest of respect,
12 beyond --

13 42225 COMMISSIONER OLIPHANT: I think it is
14 time to move on.

15 42226 MR. PRATTE: We are into
16 hypotheticals on tax law now.

17 42227 COMMISSIONER OLIPHANT: We are going
18 to move on.

19 42228 Mr. Wolson...?

20 42229 MR. WOLSON: What you can say is that
21 when you made your voluntary disclosure, while your
22 lawyer disclosed \$75,000 for three years, \$225,000, you
23 declared \$37,500 in each of those three years and paid
24 about half of each \$37,500.

25 42230 You can say that?

1 42231 THE RIGHT HON. BRIAN MULRONEY: I
2 can't say that.

3 42232 MR. WOLSON: You can't?

4 42233 THE RIGHT HON. BRIAN MULRONEY: I
5 told you that I turned it over to my tax advisor, whom
6 you have described as a very eminent and able person.

7 42234 MR. WOLSON: I didn't know him, but
8 you did and I accept that.

9 42235 THE RIGHT HON. BRIAN MULRONEY: Yes.
10 Well, he was senior tax counsel of the Justice
11 Department for over 20 years and he is certainly a man
12 held in the highest regard. I gave it to him and I
13 said Wilfrid, would you please look after this, resolve
14 any doubt in favour of the government and he came back
15 a month or a month and a half later and said it's
16 resolved.

17 42236 That's all I know. And I paid -- I
18 claimed, as I say for the last time, no expenses and I
19 paid all the tax.

20 42237 MR. WOLSON: Okay. We will cover
21 that in another way in a moment or two.

22 42238 If you look at Tab 124, the tab that
23 was open --

24 42239 COMMISSIONER OLIPHANT: Mr. Mulroney,
25 if at any time you need a break, just let me know.

1 Okay?

2 42240 THE RIGHT HON. BRIAN MULRONEY: Sure.
3 I think that -- what time was it agreed that we would
4 take a -- Mr. Wolson indicated.

5 42241 MR. WOLSON: I have about somewhere
6 around -- depending on how precise my questions are and
7 your answers, I have about half an hour in which, if I
8 were to continue, I would finish.

9 42242 Your counsel is nodding, but you are
10 up there and if that works for you --

11 42243 THE RIGHT HON. BRIAN MULRONEY: Sure.
12 42244 MR. WOLSON: -- I'm happy to
13 continue. If it works for all other counsel as well.

14 42245 THE RIGHT HON. BRIAN MULRONEY: So in
15 about a half an hour you will have terminated?

16 42246 MR. WOLSON: In about -- well, I
17 don't want to use that word, but in about a half an
18 hour --

19 42247 THE RIGHT HON. BRIAN MULRONEY: How
20 about concluded?

21 42248 MR. WOLSON: Yes, that would be a
22 better way of putting it. I don't want to terminate
23 for a long time, but that may be up to some higher
24 source.

25 42249 COMMISSIONER OLIPHANT: I think we

1 should put things into context here, gentlemen.

2 42250 THE RIGHT HON. BRIAN MULRONEY:

3 That's right. That's right, Commissioner.

4 42251 MR. WOLSON: Now, January 10, 2000,

5 that is the first letter in the book at Tab 124.

6 42252 THE RIGHT HON. BRIAN MULRONEY: I'm

7 sorry, what -- 124?

8 42253 MR. WOLSON: Yes, please.

9 42254 THE RIGHT HON. BRIAN MULRONEY: Yes.

10 42255 MR. WOLSON: And that indicates the

11 following. Your counsel sends a letter on that date,

12 January 10, 2000.

13 42256 THE RIGHT HON. BRIAN MULRONEY: Yes.

14 42257 MR. WOLSON:

15 "The complete disclosure of the

16 amount involved (between

17 \$150,000 and \$225,000) will be

18 completed by March 5, 2000."

19 42258 Do you know why he said \$150,000 or

20 \$225,000?

21 42259 THE RIGHT HON. BRIAN MULRONEY: No, I

22 do not.

23 42260 MR. WOLSON: The amount was \$225,000?

24 42261 THE RIGHT HON. BRIAN MULRONEY: Yes,

25 it was.

1 42262 MR. WOLSON: Okay. And then look at
2 the next letter, which is two in, the 27th.

3 42263 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 42264 MR. WOLSON: This is a letter in
5 which your counsel says to CRA, or to the voluntary
6 disclosure officer --

7 42265 THE RIGHT HON. BRIAN MULRONEY: M'hm.

8 42266 MR. WOLSON: -- that the amount for
9 each year involved '93, '94, and '95, is \$75,000.

10 42267 Do you see that? That is point 2 of
11 the January 27, 2000 letter.

12 42268 So you should be three pages in on
13 Tab 124.

14 42269 THE RIGHT HON. BRIAN MULRONEY: Yes.
15 Yes, I am, yes.

16 42270 MR. WOLSON: Okay. If you look at
17 point 2, Mr. Mulroney --

18 42271 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 42272 MR. WOLSON:
20 "\$75,000 is the amount involved
21 for each of the following
22 taxation years: 1993, 1994 and
23 1995."

24 42273 Right?

25 42274 THE RIGHT HON. BRIAN MULRONEY: Yes.

1 42275 MR. WOLSON: And you don't know why
2 he chose those three years?

3 42276 THE RIGHT HON. BRIAN MULRONEY: I
4 don't. And I notice that he also says:

5 "Although a significant portion
6 of those amounts was used to
7 defray expenditures that would
8 be eligible for deduction,
9 evidentiary difficulties
10 preclude us from claiming said
11 expenditures."

12 42277 MR. WOLSON: That is one question in
13 advance of what I was going to ask you.

14 42278 THE RIGHT HON. BRIAN MULRONEY:
15 That's right.

16 42279 MR. WOLSON: But while you are there,
17 what are the evidentiary issues? I thought you had
18 kept --

19 42280 THE RIGHT HON. BRIAN MULRONEY: I
20 did.

21 42281 MR. WOLSON: Thought you had kept --
22 just for completeness of the question, I thought you
23 had kept a running tab.

24 42282 THE RIGHT HON. BRIAN MULRONEY: I
25 did.

1 42283 MR. WOLSON: And kept your credit
2 card documents which would indicate what the expenses
3 were.

4 42284 THE RIGHT HON. BRIAN MULRONEY: I
5 did.

6 42285 MR. WOLSON: What are the evidentiary
7 issues?

8 42286 THE RIGHT HON. BRIAN MULRONEY: I had
9 kept the -- I had paid everything essentially with
10 credit cards and the evidentiary issue was that I felt,
11 when I looked at it again, that what I had was not so
12 much the credit card documentation as, as I have
13 indicated to you from the beginning, the annotations
14 that I would make on all of my travel documents in
15 terms of personal expenditures precisely when required
16 for this.

17 42287 And it was the deficiency there that
18 led us to say well, look, rather than get into any
19 difficulty or any quarrel with the government of any
20 kind, forget the expenses. Declare it all as income
21 and we will pay tax on it.

22 42288 MR. WOLSON: And if you had declared
23 it as expenses --

24 42289 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 42290 MR. WOLSON: -- and your documents

1 were challenged, you would then have to explain your
2 retainer and the client and what you had done to earn
3 the money and the expenses you incurred.

4 42291 You would have to do that.

5 42292 THE RIGHT HON. BRIAN MULRONEY: No, I
6 would have had to -- my attorney would have had to meet
7 with them, as I was informed simply --

8 42293 MR. WOLSON: Yes.

9 42294 THE RIGHT HON. BRIAN MULRONEY: --
10 meet with them and explain quite the inadequate
11 documentation. I didn't have all the credit card
12 receipts. I didn't have the travel documents on which
13 some of the expenses had been noted.

14 42295 For example, I had no documentation
15 whatsoever of that nature for Colorado Springs, which
16 was a significant expenditure.

17 42296 So we just felt that let's pay it
18 all -- declare it all as income and pay the taxes. And
19 that's what we did.

20 42297 MR. WOLSON: Would you turn the page
21 of the February 2 -- or get to the February 2, 2000 --
22 just before you do that, while you are on the letter of
23 the 27th of January 2000, if you go to the second page
24 of that letter, your lawyer repeats in paragraph 4 --
25 he says:

1 "As indicated in my letter of
2 January 10, 2000, it will be
3 necessary to agree on a basis of
4 imposition, in accordance with
5 the Agency's policy and taking
6 into account that the taxation
7 years in question are 1993 to
8 1995 inclusively."

9 42298 Do you see that?

10 42299 THE RIGHT HON. BRIAN MULRONEY: Yes,
11 I see that.

12 42300 MR. WOLSON: And then if you turn the
13 page to the February 2nd letter, please.

14 42301 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 sir.

16 42302 MR. WOLSON: This is the letter, if
17 you look at the date, February 2, 2000 --

18 42303 THE RIGHT HON. BRIAN MULRONEY: Yes.

19 42304 MR. WOLSON: Paragraph 2 --

20 42305 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 42306 MR. WOLSON:
22 "It is agreed that the amounts
23 described in my letter of
24 January 27, 2000, involve the
25 amount of \$75,000 for each of

1 the following taxation years..."

2 42307 Again.

3 42308 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 42309 MR. WOLSON:

5 "... 1993, 1994 and 1995."

6 42310 THE RIGHT HON. BRIAN MULRONEY: Yes,

7 sir.

8 42311 MR. WOLSON:

9 "These amounts will be taxed at

10 the federal and provincial

11 levels as follows:

12 a) The taxpayer will file an

13 application for an amended

14 return correcting the amounts

15 entered in his returns for 1996,

16 1997 and 1998..."

17 42312 And I understand that you had to go

18 three years forward because they couldn't go as far

19 back as '93.

20 42313 THE RIGHT HON. BRIAN MULRONEY: M'hm.

21 42314 MR. WOLSON: At least that is what I

22 have been advised by counsel.

23 42315 And instead of adding \$75,000 for

24 each year, you add \$37,500 for each of the years, in

25 effect half of the \$75,000.

1 42316 That is what he says.

2 42317 THE RIGHT HON. BRIAN MULRONEY: That
3 is what he says.

4 42318 MR. WOLSON: And you end up paying
5 tax on \$37,500 times three, or you end up paying tax on
6 income of about \$112,500; right?

7 42319 THE RIGHT HON. BRIAN MULRONEY: I
8 don't know.

9 42320 MR. WOLSON: Well, \$37,500 times
10 three is what you end up paying tax on.

11 42321 THE RIGHT HON. BRIAN MULRONEY: Yes,
12 but I don't know how it worked out in my income tax
13 return.

14 42322 But you go ahead, sir. Your
15 point...?

16 42323 MR. WOLSON: The point is he tells
17 the tax people that you had earned \$75,000 in each of
18 the years.

19 42324 THE RIGHT HON. BRIAN MULRONEY: Yes.

20 42325 MR. WOLSON: But you don't declare
21 \$75,000 according to the agreement reached. You
22 declare \$37,500 for each year.

23 42326 THE RIGHT HON. BRIAN MULRONEY: Well,
24 this is -- I don't know. He is writing -- as I see it,
25 he is writing to the tax department.

1 42327 MR. WOLSON: Yes.

2 42328 THE RIGHT HON. BRIAN MULRONEY: This
3 constitutes an agreement between the taxpayer involved,
4 et cetera, et cetera. He negotiated this with the tax
5 department.

6 42329 MR. WOLSON: Yes. In the final --

7 42330 THE RIGHT HON. BRIAN MULRONEY: It
8 had nothing to do with -- really nothing to do with me,
9 if I may. I had no involvement in this whatsoever.

10 42331 I understand my name was not even
11 mentioned in any circumstances. This was an anonymous
12 taxpayer.

13 42332 I was told, in retrospect, that this
14 was an entirely conventional arrangement, arrived at in
15 Montréal with the federal and Québec governments in
16 those days, pursuant to procedures and customs that
17 were widely accepted.

18 42333 So I knew nothing about it. I just
19 paid the taxes that I was told.

20 42334 MR. WOLSON: All right. But in the
21 end result, instead of paying taxes on income of
22 \$225,000, you pay taxes on income of \$112,500.

23 42335 You would agree with that because
24 that is -- well, that is what happened.

25 42336 THE RIGHT HON. BRIAN MULRONEY: No.

1 Well, right off the bat, I would have to say I paid
2 taxes on an amount that normally would have been
3 reduced by at least \$45,000 for expenses, and I didn't
4 claim any expenses.

5 42337 So I can't quarrel with you, sir. I
6 can't quibble with you. I have told you what happened
7 and taxes -- income was declared and taxes were paid.

8 42338 MR. WOLSON: Okay.

9 42339 COMMISSIONER OLIPHANT: It is right
10 there in the letter for all to see.

11 42340 THE RIGHT HON. BRIAN MULRONEY: There
12 it is.

13 42341 COMMISSIONER OLIPHANT: Right.

14 42342 And you have said you didn't know
15 about the deal that got negotiated on your behalf by
16 Mr. Lefebvre.

17 42343 THE RIGHT HON. BRIAN MULRONEY:
18 That's right.

19 42344 COMMISSIONER OLIPHANT: He did the
20 deal and told you what you had to pay.

21 42345 THE RIGHT HON. BRIAN MULRONEY:
22 That's right, sir.

23 42346 COMMISSIONER OLIPHANT: It's a pretty
24 good deal, you would agree with that.

25 42347 THE RIGHT HON. BRIAN MULRONEY: He is

1 a pretty good lawyer.

2 42348 COMMISSIONER OLIPHANT: Mr.
3 Pratte...?

4 42349 MR. PRATTE: Yes, but with the
5 greatest respect, Mr. Commissioner, because things are
6 liable to be misinterpreted, the agreement is reached
7 with two separate authorities so that this document is
8 complete, with their not knowing on whose behalf it is
9 being negotiated, as the last paragraph of the letter
10 states.

11 42350 COMMISSIONER OLIPHANT: I recognize
12 that.

13 42351 MR. PRATTE: And the tax authorities
14 that accepted it are told of the total amount,
15 \$225,000, and they accept the basis pursuant to the
16 policy that was en rigeur at the time.

17 42352 So I just want so that the whole
18 context is there.

19 42353 COMMISSIONER OLIPHANT: Absolutely.
20 There is no issue; it was upfront. But Mr. Lefebvre
21 negotiated a pretty good deal here.

22 42354 MR. PRATTE: But he might have done
23 so, sir, in respect of any other person in the same --

24 42355 COMMISSIONER OLIPHANT: Of course.
25 Of course.

1 42356 MR. PRATTE: -- on the same anonymous
2 basis. That's all.

3 42357 COMMISSIONER OLIPHANT: There is no
4 question about that.

5 42358 But the point that was made was that
6 instead of paying income tax on \$75,000 in each of the
7 three years, despite the fact that the tax people were
8 aware of it, tax was paid on \$37,500 in each of the
9 three years.

10 42359 MR. PRATTE: You are right.

11 42360 COMMISSIONER OLIPHANT: And the
12 taxation authorities were probably so happy to get the
13 money, they agreed to that.

14 42361 MR. PRATTE: Yes. My only concern,
15 Mr. Commissioner, is that we are not here -- well, in
16 my respectful submission -- to debate --

17 42362 COMMISSIONER OLIPHANT: Nobody is
18 being --

19 42363 MR. PRATTE: -- whether or not the
20 amount matters.

21 42364 COMMISSIONER OLIPHANT: Let me just
22 say this. I'm not being critical, nor do I think is
23 Mr. Wolson, of Mr. Mulroney.

24 42365 A deal was concluded with the tax
25 people, both federally and provincially, and this is

1 the result of the deal, period.

2 42366 MR. WOLSON: Mr. Mulroney, if you
3 believed your retainer ended in 1999, why didn't you
4 just report to the income tax people your income of
5 \$225,000 in your '99 income tax, when the retainer had
6 ended, and pay what was owing in 1999 on the \$225,000?

7 42367 If you chose to deduct expenses
8 that's one thing. If you chose not to, I suppose
9 that's another.

10 42368 But why didn't you just do it if the
11 retainer ended in '99 as opposed to going to a
12 voluntary tax return? If your retainer ended in 1999,
13 why not simply declare it in 1999?

14 42369 THE RIGHT HON. BRIAN MULRONEY: The
15 retainer didn't end in 1999. I chose to end the
16 retainer in 1999.

17 42370 MR. WOLSON: Yes.

18 42371 THE RIGHT HON. BRIAN MULRONEY:
19 That's what happened.

20 42372 MR. WOLSON: Yes, I understand that.

21 42373 THE RIGHT HON. BRIAN MULRONEY: So
22 with regard to going to a voluntary tax disclosure, I
23 had nothing to do with that. I turned the matter
24 simply over to my tax advisors and they did what they
25 did.

1 42374 MR. WOLSON: But in the ordinary
2 course, if you terminated a retainer, generally
3 speaking you would pay tax in the year that you
4 terminated it by way of declaring the income you earned
5 and paying the tax that was owing. And if there were
6 any expenses, deal with those as well.

7 42375 But you didn't do that.

8 42376 THE RIGHT HON. BRIAN MULRONEY: I'm
9 not arguing with you, sir.

10 42377 MR. WOLSON: Okay.

11 42378 THE RIGHT HON. BRIAN MULRONEY: I'm
12 telling you that I terminated the retainer with
13 Mr. Schreiber. I turned it over to Mr. Lefebvre for
14 resolution, with his vast experience and the extremely
15 high regard in which he is held by both tax
16 departments. He resolved the matter, told me that it
17 had been resolved, instructed me to make cheques to pay
18 what he said I owed after I had told him two things:
19 We are not claiming any expenses and resolve any doubt
20 in favour of the governments.

21 42379 He told me the amounts. I paid the
22 amounts and that I believe was it.

23 42380 MR. WOLSON: You have previously made
24 a statement that you were being generous with the tax
25 department. Do you believe that?

1 42381 THE RIGHT HON. BRIAN MULRONEY: No, I
2 wasn't being generous with the tax department. I
3 simply wanted any doubt resolved in their favour.

4 42382 MR. WOLSON: Did you disclose to your
5 counsel -- and don't answer this. Don't answer it. I
6 am going to put a question out but it may be objected
7 to.

8 42383 The question that I am going to ask
9 is: Did you disclose to your counsel that this was a
10 cash transaction (a); and (b) the money was in your
11 safe and in a safety deposit box?

12 42384 COMMISSIONER OLIPHANT: Mr. Pratte,
13 you can sit down. That question need not be answered.

14 42385 MR. WOLSON: That's why I told you
15 not to answer it.

16 --- Pause

17 42386 MR. WOLSON: If I may just have one
18 moment, please?

19 --- Pause

20 42387 MR. WOLSON: I have maybe seven
21 minutes left, save for one area that I have raised with
22 Mr. Pratte. I don't want to go into the area. It is
23 obvious that we are going to have to come back
24 tomorrow, not for me unless I delve into this area, but
25 certainly for Mr. Auger, because it is 5 o'clock.

1 42388 But save for that area, I just have a
2 few closing questions for you, Mr. Mulroney.

3 42389 THE RIGHT HON. BRIAN MULRONEY: Yes,
4 sir.

5 42390 MR. WOLSON: And then you are rid of
6 me.

7 42391 You indicated in your testimony on
8 more than one occasion that prior to the LOR becoming
9 public, you had offered to the RCMP, to the government,
10 that you would come in and disclose everything to them
11 in response to the horrible allegations that they had
12 made against you. And they didn't take you up on that.

13 42392 That is a true statement?

14 42393 THE RIGHT HON. BRIAN MULRONEY: Yes,
15 sir.

16 42394 MR. WOLSON: With regard to your
17 relationship with Mr. Schreiber, your legal commercial
18 relationship, you have had the opportunity to become --
19 or to go public a long time ago, but you didn't do so.

20 42395 Would that be a correct statement?

21 42396 THE RIGHT HON. BRIAN MULRONEY: I'm
22 sorry...?

23 42397 MR. WOLSON: I said with regard to
24 your relationship with Mr. Schreiber, your lawful
25 commercial relationship, you have had the opportunity

1 to go public on it a long time ago, but you didn't do
2 so.

3 42398 THE RIGHT HON. BRIAN MULRONEY: Well,
4 I felt, as I have indicated to you, it was a private
5 transaction between two private citizens in the private
6 sector after I had left office.

7 42399 MR. WOLSON: Okay.

8 42400 THE RIGHT HON. BRIAN MULRONEY: With
9 not a nickel, not a nickel of public funds involved
10 anywhere.

11 42401 MR. WOLSON: All right.

12 42402 THE RIGHT HON. BRIAN MULRONEY: So I
13 felt it was a private transaction. I was out of office
14 and I felt I had nothing to automatically disclose, any
15 more than, for example, Mr. Chrétien should be called
16 upon to disclose his latest business dealings in the
17 private sector.

18 42403 MR. WOLSON: Let's not go to
19 Mr. Chrétien.

20 42404 THE RIGHT HON. BRIAN MULRONEY: Well,
21 I'm just saying --

22 42405 MR. WOLSON: I'm only asking you
23 about you and your involvement.

24 42406 So your answer to me, I take it, is
25 that you felt this was a private transaction and that's

1 your answer?

2 42407 THE RIGHT HON. BRIAN MULRONEY: That
3 is why I held the view that I did.

4 42408 MR. WOLSON: Okay.

5 42409 THE RIGHT HON. BRIAN MULRONEY: I
6 also indicated to you that given the manner in which
7 this has evolved, with the assistance of the fifth
8 estate and others, that I ought to have accepted the
9 good advice from Luc Lavoie earlier and simply had a
10 press conference, or what have you, and let it all out
11 as opposed to this situation which, as you know, sir --
12 and this is very important for us to remember.

13 42410 Driven by Mr. Schreiber's intense
14 desire to avoid extradition, he produced that false
15 affidavit in November of 2007 in which he named
16 Mr. Harper and myself.

17 42411 That affidavit has been shredded in
18 its credibility. There is none left. But it was a
19 good enough instrument to prolong his stay by two years
20 almost in Canada.

21 42412 MR. WOLSON: All right, but --

22 42413 THE RIGHT HON. BRIAN MULRONEY: So
23 that's why.

24 42414 MR. WOLSON: But the point to be made
25 is this: Because you felt it was a private

1 arrangement, you kept your silence on it.

2 42415 And you agree with that statement.

3 42416 THE RIGHT HON. BRIAN MULRONEY: I
4 kept my silence in the sense, yes, that there was no
5 obligation on me to call a press conference and tell
6 people what I had done in the private sector.

7 42417 MR. WOLSON: Mr. Lavoie, as you have
8 said, had urged you to come forward and in hindsight it
9 was probably good advice. But again hindsight is
10 perfect vision.

11 42418 You didn't come forward when he had
12 suggested to you that you should. That's true?

13 42419 THE RIGHT HON. BRIAN MULRONEY: Yes,
14 sir, but he also told you in the second part of his
15 commentary that he can readily understand why I didn't,
16 because he knew the manner in which this would be
17 distorted and used against me and my family again in
18 the light of the Airbus experience.

19 42420 He told you two things, and I agree
20 with both of them.

21 42421 MR. WOLSON: All right.

22 42422 THE RIGHT HON. BRIAN MULRONEY: But I
23 will acknowledge I should have followed the first.

24 42423 MR. WOLSON: Okay. I appreciate
25 that.

1 42424 In 2003 when Mr. Kaplan's article
2 became public --

3 42425 THE RIGHT HON. BRIAN MULRONEY: Yes.

4 42426 MR. WOLSON: -- November 10, 2003
5 where he made a statement about you receiving monies
6 from Mr. Schreiber, you could have then held a news
7 conference.

8 42427 But I am assuming that you are
9 talking about what Mr. Lavoie told you, and you simply
10 didn't accept the advice for reasons you have
11 articulated already.

12 42428 You could have come forward earlier.

13 42429 THE RIGHT HON. BRIAN MULRONEY: Why
14 would I hold a news conference in 2003, sir?

15 42430 Mr. Kaplan had told you the entire
16 story, essentially what we know today.

17 42431 MR. WOLSON: But you could have come
18 forward to say, look at -- you could have had a news
19 conference and said this is a private arrangement with
20 Mr. Schreiber. These were the terms of the
21 arrangement. This is what I have done regarding the
22 arrangement.

23 42432 You could have done that if you were
24 so inclined. Would you agree with that statement?

25 42433 I know you didn't, but you could

1 have.

2 42434 THE RIGHT HON. BRIAN MULRONEY: But I
3 did.

4 42435 MR. WOLSON: Did you have a news
5 conference?

6 42436 THE RIGHT HON. BRIAN MULRONEY: No,
7 but I confirmed those facts to Mr. Kaplan essentially.
8 That's how he was able to write about them on the 10th
9 of November.

10 42437 I acknowledged that I had a
11 transaction with Mr. Schreiber; that I had been paid in
12 cash; that the amount was less -- for less than
13 \$300,000; that it was for a contract for professional
14 services to be rendered; that the contract was above
15 board in all respects, as confirmed that day by
16 Mr. Schreiber; and that not a nickel of public funds
17 was involved in any way.

18 42438 That came out on the 10th November
19 2003 and that is essentially what we know today about
20 this amount.

21 42439 MR. WOLSON: Okay. When you gave
22 your speech at St. FX where you stated that you would
23 be before a Royal Commission with bells on, I have done
24 nothing wrong and I have absolutely nothing to hide,
25 you admit today that what you have done wrong was you

1 failed to document a cash transaction, which you
2 admitted at the beginning of your testimony.

3 42440 You admit that.

4 42441 THE RIGHT HON. BRIAN MULRONEY: Yes,
5 I acknowledge that the circumstances surrounding the
6 transaction in a significantly undocumented manner
7 could give rise to a situation where reasonable people
8 might conclude that something was amiss.

9 42442 Nothing was amiss, as I think we have
10 established, but I acknowledge readily that that was
11 unwise.

12 42443 MR. WOLSON: Are you suggesting that
13 prior to this Inquiry that you made a statement, a
14 formal statement admitting that you and Schreiber had a
15 business deal and that that business deal was a private
16 business deal, and that he paid you \$225,000, and that
17 you did work for Mr. Schreiber on an international
18 basis?

19 42444 And the work you did was, as you have
20 indicated in your evidence, you attended to China, to
21 Russia, to France, to the United States.

22 42445 You never did that.

23 42446 THE RIGHT HON. BRIAN MULRONEY: No, I
24 have told you what I did. I confirmed to Mr. Kaplan
25 the essence of this story that was published on

1 November 10th.

2 42447 The eight column headline that day,
3 in case you happened to miss it, sir --

4 42448 MR. WOLSON: Oh, I have it.

5 42449 THE RIGHT HON. BRIAN MULRONEY: Yes.

6 42450 MR. WOLSON: We can spend some time
7 if you would like to go over it.

8 42451 THE RIGHT HON. BRIAN MULRONEY: It
9 said "Schreiber hired Mulroney".

10 42452 MR. WOLSON: Yes.

11 42453 THE RIGHT HON. BRIAN MULRONEY: That
12 was it. And the story told the facts that I have
13 enunciated.

14 42454 Most of those, sir, were confirmed by
15 me. So I felt that the matter, to the extent the
16 public was entitled to know things, I thought a lot of
17 it was there and I felt that I had done what I ought to
18 do in those circumstances.

19 42455 MR. WOLSON: So it was your
20 position -- and you will find the article. It is Tab
21 23 of the Kaplan materials.

22 42456 I can go through it line and verse
23 with you.

24 42457 You would agree with me that you did
25 not come out and make a formal statement such as the

1 ones that you have made at this Inquiry.

2 42458 You didn't do that.

3 42459 THE RIGHT HON. BRIAN MULRONEY: Well

4 no, of course not.

5 42460 MR. WOLSON: Okay.

6 42461 THE RIGHT HON. BRIAN MULRONEY: I

7 didn't have to. Here I received a polite invitation

8 from the Commissioner and so I appeared, and of course

9 I am under oath.

10 42462 Mr. Kaplan is not the Commissioner.

11 Mr. Kaplan was a journalist writing a story.

12 42463 MR. WOLSON: No, I'm not talking --

13 42464 THE RIGHT HON. BRIAN MULRONEY: You

14 people are authorized --

15 42465 MR. WOLSON: Yes.

16 42466 THE RIGHT HON. BRIAN MULRONEY: -- to

17 do what you're doing.

18 42467 MR. WOLSON: I'm not talking about

19 speaking to Kaplan.

20 42468 THE RIGHT HON. BRIAN MULRONEY: Yes.

21 42469 MR. WOLSON: I'm talking about having

22 a formal news conference and stating what you have

23 stated here today.

24 42470 THE RIGHT HON. BRIAN MULRONEY: Yes.

25 42471 MR. WOLSON: And if you had, we may

1 not be here today.

2 42472 THE RIGHT HON. BRIAN MULRONEY: Yes.

3 42473 MR. WOLSON: But you chose not to do
4 that.

5 42474 THE RIGHT HON. BRIAN MULRONEY: No, I
6 wouldn't -- you know, I understand what you are saying,
7 sir, but I'm not so sure of that.

8 42475 There are some people in the media --
9 and you know who I'm talking about -- who are hell-bent
10 on making certain that after 21 years of inquiries and
11 millions of dollars being spent in pursuit of me and my
12 family, that some significant degree of wrongdoing
13 exists.

14 42476 None has been found and none will be
15 found, sir, because, as I told you, I have never in my
16 life knowingly done anything wrong. There is nothing
17 there.

18 42477 MR. WOLSON: Mr. Mulroney, I am ahead
19 of schedule and I have asked you the questions that I
20 want to ask you, save for the area that I raised with
21 your counsel.

22 42478 I appreciate you answering my
23 questions. I appreciate that and I wish you well.

24 42479 THE RIGHT HON. BRIAN MULRONEY: Thank
25 you. I appreciate your courtesy, sir, and that of the

1 Commissioner, and all other members, and I thank you
2 very much.

3 42480 MR. WOLSON: Thank you.

4 42481 COMMISSIONER OLIPHANT: Those are
5 your questions then, are they, Mr. Wolson?

6 42482 MR. WOLSON: They are, thank you,
7 sir.

8 42483 COMMISSIONER OLIPHANT: All right.
9 Thank you.

10 42484 The time is 5:10. I said around noon
11 today that I wasn't going to put any counsel into a
12 position of having to hurry to complete
13 cross-examination today.

14 42485 But before I get into that, I would
15 like to ask counsel for an indication as to where they
16 are going, if anywhere, in terms of asking Mr. Mulroney
17 questions by way of cross-examination.

18 42486 Mr. Vickery, can you indicate to me
19 what your intentions are, sir?

20 42487 MR. VICKERY: At this point I don't
21 expect to be asking questions. That may change,
22 however.

23 42488 COMMISSIONER OLIPHANT: It may
24 change.

25 42489 MR. VICKERY: Yes.

1 42490 COMMISSIONER OLIPHANT: What,
2 overnight?

3 42491 MR. VICKERY: My instructions may
4 change, yes.

5 42492 As instructed at this moment, I will
6 not be asking questions.

7 42493 COMMISSIONER OLIPHANT: All right.
8 So you don't know whether you are going to be asking
9 questions or not?

10 42494 MR. VICKERY: As matters now stand, I
11 will not be asking questions, sir.

12 42495 COMMISSIONER OLIPHANT: You don't
13 know whether you are going to be asking questions or
14 not.

15 42496 MR. VICKERY: That's right.

16 42497 COMMISSIONER OLIPHANT: Okay.

17 42498 Mr. Houston...?

18 42499 MR. HOUSTON: I have no questions.
19 Thank you, sir.

20 42500 COMMISSIONER OLIPHANT: All right.

21 42501 Mr. Auger, I assume -- and I should
22 never assume anything -- that you will have some
23 questions. How long you expect to be, sir? And I know
24 that is hard to estimate.

25 42502 MR. AUGER: My best estimate,

1 Commissioner, is in the range of two hours.

2 42503 COMMISSIONER OLIPHANT: So barring
3 questions by other counsel, you should be able to
4 complete your work by noon tomorrow?

5 42504 MR. AUGER: I'm confident I will
6 complete by noon.

7 42505 COMMISSIONER OLIPHANT: All right.

8 42506 Well, Mr. Mulroney, I'm going to have
9 to ask you to come back. I'm sorry, but that's just
10 the way it goes.

11 42507 THE RIGHT HON. BRIAN MULRONEY: Sure.

12 42508 COMMISSIONER OLIPHANT: We will break
13 now and come back at 9:30.

14 42509 Mr. Vickery, if you can get further
15 instructions over the course of the evening, I would
16 appreciate it very much and you can let me know off the
17 hop tomorrow whether you intend to cross-examine or
18 not. Okay?

19 42510 MR. VICKERY: Yes, of course. I will
20 let you know as soon as I possibly can.

21 42511 COMMISSIONER OLIPHANT: Thank you
22 very much.

23 42512 Good afternoon. I will see everyone
24 at 9:30 tomorrow morning.

25 42513 THE RIGHT HON. BRIAN MULRONEY: Thank

1 you, sir.

2 --- Whereupon the hearing adjourned at 5:13 p.m, to
3 resume on Wednesday, May 20, 2009 at 9:30 a.m. /
4 L'audience est ajournée à 17 h 13, pour reprendre
5 le mercredi 20 mai 2009 à 09 h 30

6

7 We hereby certify that we have accurately
8 transcribed the foregoing to the best of
9 our skills and abilities.

10

11 Nous certifions que ce qui précède est une
12 transcription exacte et précise au meilleur
13 de nos connaissances et de nos compétences.

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Lynda Johansson

Jean Desaulniers

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Fiona Potvin

Sue Villeneuve

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Monique Mahoney