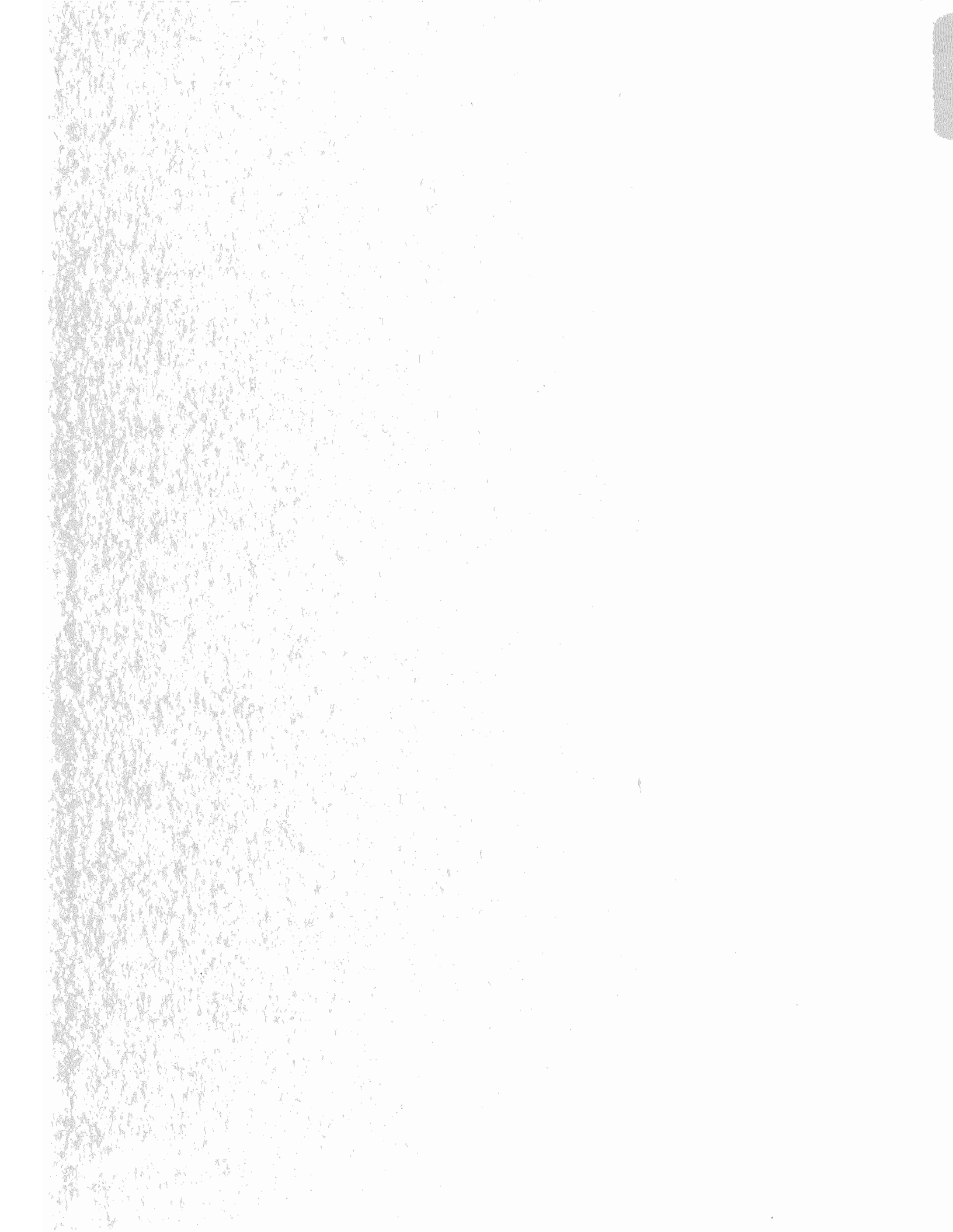


Documents produced to the Commission by Kaplan

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I was in a Toronto at a Board meeting. Doucet telephoned me. He told me that there was some document in Switzerland. He was very vague. I knew Schreiber in a peripheral way. He was associated in my mind with the Alberta Progressive Conservatives. That was the limited extent to which I knew anything about him, I knew who he was, and that he'd been involved in Bear Head. I went back to the Royal York and tried to call him. I came home, and I said to Mila that there was this troubling thing. I got through and he started to tell me. I said what are you talking about. He said that they had to serve it on him because he had an account. I said what the hell does it say? He started talking and I didn't know what he was talking about.

Sheppard either had a low opinion of me or even a higher inflated opinion of himself. People said that this was a stroke of genius and that he'd get at my finances, the names of my clients, etc. I prepared two days for the examination of discovery. When it was over I said to Tremblay, are you satisfied with this preparation? I said that I'm not paying excellent lawyers not to take their advice and I want to be sure that I've got it down. He said that I had. And then I said something, I said "you are witnessing, in my judgment the greatest single mistake in the history of the Montreal court house. For a lawyer to subpoena a long-serving Prime Minister and put him under oath on the stand in front of the media without knowing what he's going to say, it's the most egregious mistake that I can ever imagine a lawyer making. This combination of impudence and enmity", I said, "I don't believe it will serve Claude Armand Sheppard very well tomorrow morning".

I have no idea what Frank Moores was doing. The explanation he gave to friends was that he hoped to develop an international part of the business, and he wanted his wife to have access to expense money while overseas. I don't think it's possible that Frank

Moore, in a nudge-nudge, wink-wink, kind of way said that the account was for me. The reason why that doesn't click is that the signing authority was with Beth Moore. If he had the signing authority, if Schreiber had the signing authority, if Mila had the signing authority, or if I had it, that would make sense. Putting her name on as having the signing authority made no sense whatsoever. The only person who could withdraw the money from the account was her.

Schreiber was involved in Bear Head. I knew that because I had correspondence with him and I met him. I know that he was trying to do the deal. But I have no knowledge that he was involved in any way with Airbus. He never discussed it with me. He never referred to it, he never alluded to it. There was nothing, directly or indirectly.

I was deeply involved in the legal strategy. At the discovery, the court room reporter, he's kind of a fixture around Montreal, Des Villiers, he told Gerard that he had never seen such an overwhelmingly powerful performance. He told Gerard that I totally destroyed the defence team.

INTERVIEW WITH B. MULRONEY ON JANUARY 9, 2002

He called me, which did not surprise after my discussion with Luc Lavoie.

To the best of my recollection, during my entire life, I have never done anything wrong, unethical or illegal. I don't want to involve you needlessly and I would be happy to see you to discuss this when I get to Toronto. What I can tell you now, is that I have had poor judgment from time to time as Prime Minister. Being introduced to KHS by Elmer McKay and Fred Doucet, is one of the biggest mistakes that I regret the most. I know Schreiber peripherally. If I had my druthers I would never have seen a guy like that. I was told that he was a prominent business person from Alberta trying to sell a legitimate and lawful piece of equipment.

If you accumulated all the sorrow over all my life, it does not compare to the agony and anguish that I have gone through since I met Schreiber. Even today he doesn't recognize that his enemies are the RCMP, Stevie Cameron and the CBC. They think that I am their enemy.

I can also tell you that I have declared every cent that I have ever received and I have paid all income tax on all monies owing.

Knew
KHS
peripherally
Cameron (KHS)
Stevie



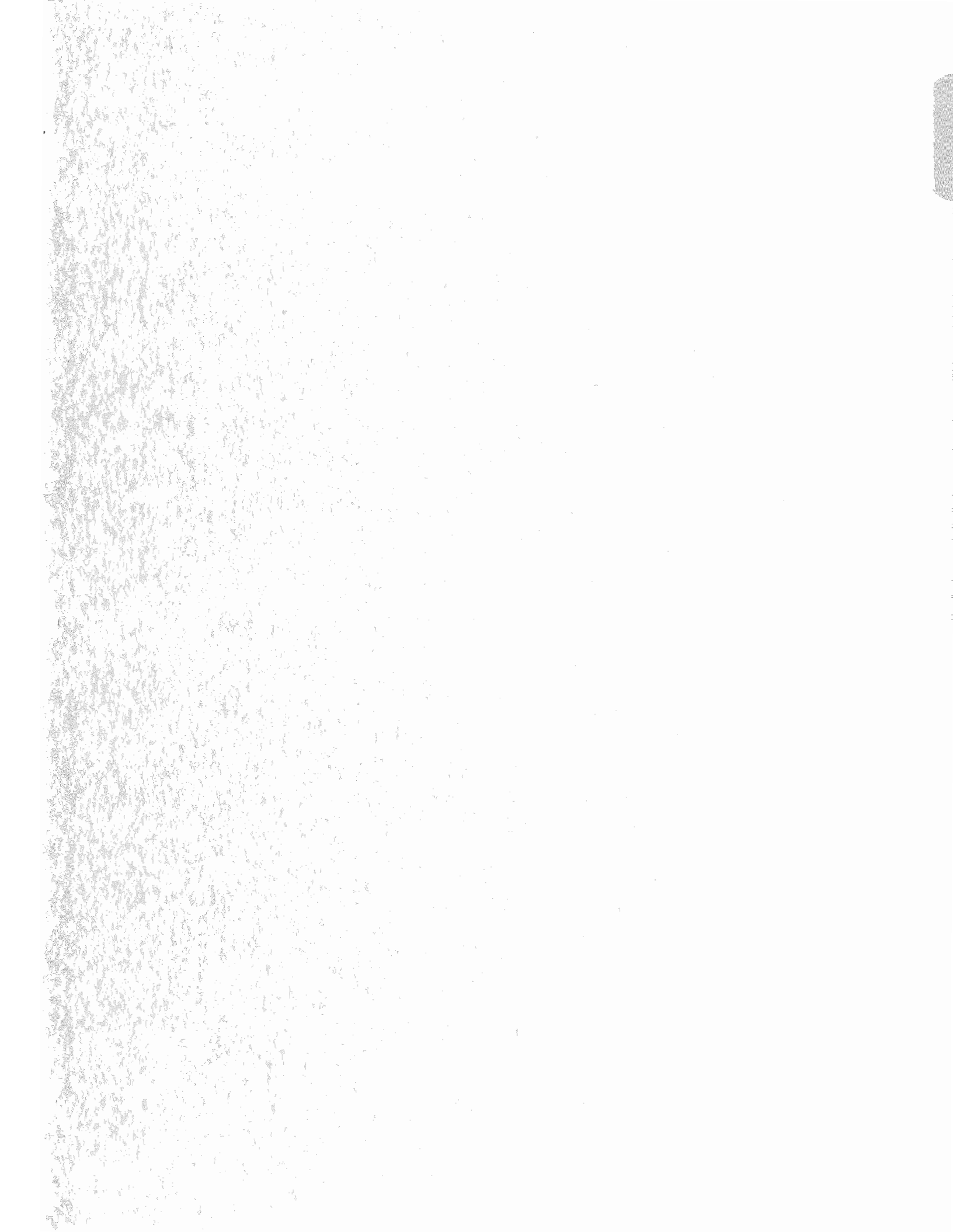
I understand that Karl Heinz Schreiber believes that because I cancelled the contract, one that would have made him rich, that this really pisses him off and he gets this from your book, that I did him in. Anyway, that is what I heard from one of our mutual friends. I would never disparage Karl Heinz Schreiber. I think he has abused and mistreated but I do not understand Eddie Greenspan's strategy. I have no problem with Eddie either. I have known him for years but Karl Heinz Schreiber clearly does not see me as a friend. The truth is that he has tons of enemies, Stevie Cameron, Harvey Cashore, the government of Germany, etc. etc. I think he will prevail in his various legal cases. The thing I don't understand and this is what I once said to Eddie, how can Schreiber believe that Harvey Cashore and Stevie Cameron are friends of his? It just doesn't make any sense.

(We had some discussions about my views about being misled with respect to certain issues and he said he could understand where I was coming from, that these were matters of context and that he wanted to discuss them further when he came to Toronto and we would arrange a lunch or dinner. He pointed out that these are often matters of context and nuance but that any time anyone asked a proper question they would get a truthful answer.)

What I want to know is what are Eddie's motives? I am absolutely convinced that I will never be charged with anything because I have never done anything wrong. I am fully innocent. I did say that I regretted meeting Karl Heinz Schreiber and that is true. You

had better believe it. I should never have been introduced to him because the people who introduced me to him didn't know him. I understand your apprehension and concern and I want to do what I can to allay it. I will have someone call you to arrange a meeting.

(He also suggested to during the course of our discussion that this discussion would be just between us and that he hoped that when we met again, I would provide him with further information about what I had learned and from whom I had learned it. I remained completely uncommitted about that and refused several direct questions to report on my sources.)



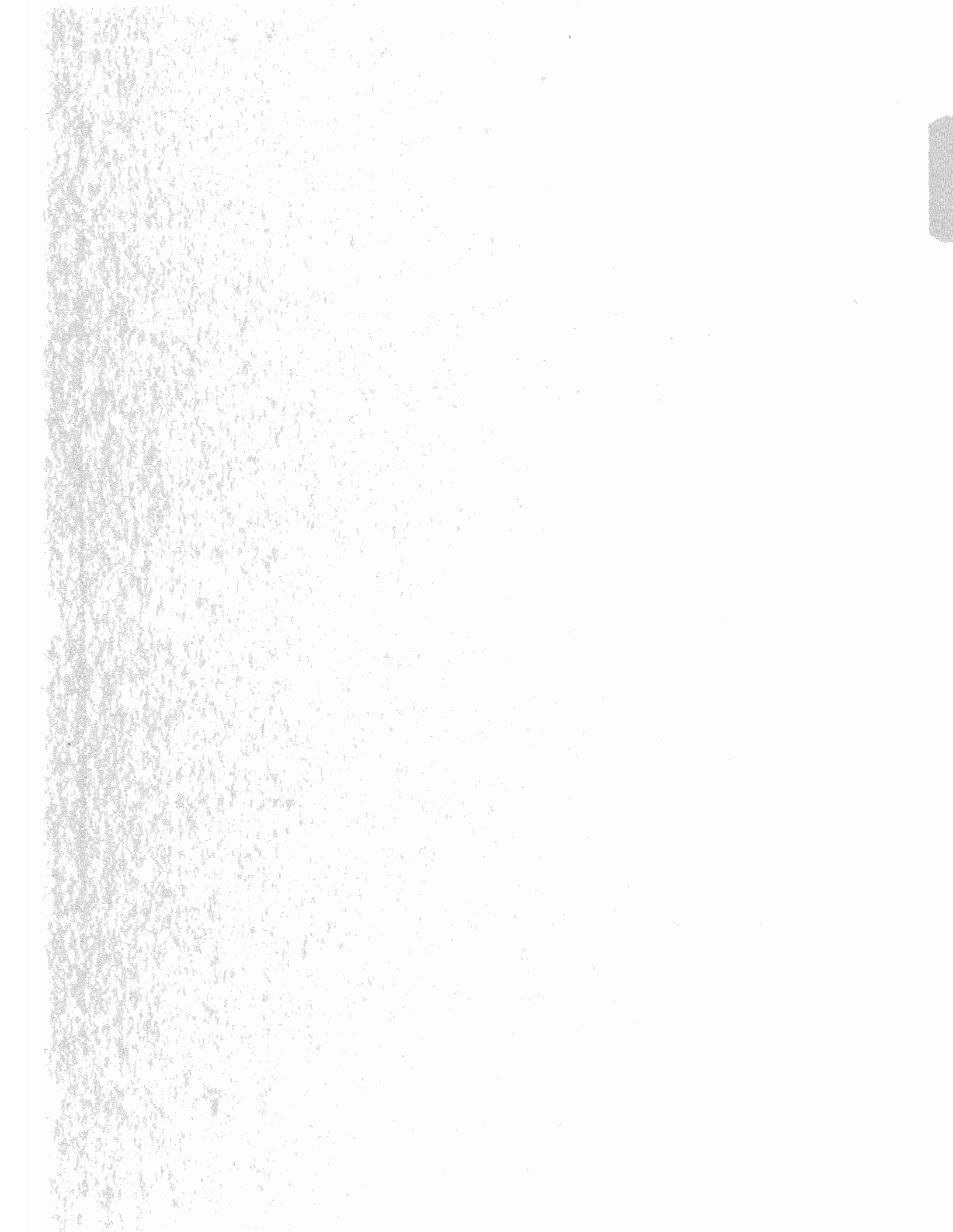
Meeting with Mulroney December 4, 2002

Met with him at the Governor General's Suite beginning at 930 pm.

he told me the following: when he joined Ogilvy Renault he made it clear that he would have an independent international consulting practice. He has had such a practice. The names of his clients are confidential and will not be released without their permission. If, and he

emphasized the word if, a client paid him in cash, that would be reflected in the books of the company and all taxes have been paid, all income declared. I asked him what he would have said if he had been asked whether he got any money from Schreiber when he was under oath. He said that he would have told the truth. [This is somewhat different than the long winded and highly technical explanation Jeansonne gave me when I first confronted him about this.]

He went on, again, about how he ever met Schreiber and how he laments that day. He thinks it must have been Mackay who introduced them. I owe, he said, Mackay, a lot, and Schreiber did have a good idea for bringing jobs to a region that needed them. When he first met Schreiber he thought that he was a reputable businessman from Alberta. He told me that he wishes Schreiber well.



one man
a fight

INTERVIEW WITH BRIAN MULRONEY ON SEPTEMBER 12, 2003

Q: You are at risk?

A: I am not at risk anymore. Anyone who says anything about that will be in on F*** of a fight. They will be confronted by the truth. I can tell you who is at risk

and it is not me.

I received a clean bill of health from the RCMP as has

Schreiber and Moores.



INTERVIEW WITH BRIAN MULRONEY ON OCTOBER 5, 2003

from 5:00 - 6:00 p.m.

Getting back to my other point, the principle reason that I want this as clean as a whistle, is following your series of articles, let's say it starts out the week of November 5th, I wait a week and then I write a letter to the new Prime Minister, Paul Martin, asking for a new investigation and a royal commission into this cabal and conspiracy. I plan to tell Martin that this is the only thing that will clarify it all.

Now there is something that I want to talk to you about. Mila raised this question with me and I decided to raise it with you. It has to do with the other matter that you know about. I want you to know that it is not going anywhere. It has been thoroughly investigated. The income has been declared and I am as clean as a whistle. This thing involving Schreiber, someone told that to the RCMP and they investigated that and they concluded that it was all clean as a whistle. That was the final thing they were investigating prior to giving me the apology letter in April. They came to see my lawyers about a year and a half ago and said that they had been informed such and such and they also said that they understood that this thing was going to blow up. So my guys said you go and do whatever you want. We also made it clear that if they said anything that was untoward that we would be back into a Montreal courtroom so fast. As I have told you, and as my lawyers told the RCMP, I am innocent.

Q: I have never been entirely satisfied with the explanation you gave regarding your relationship with Schreiber.

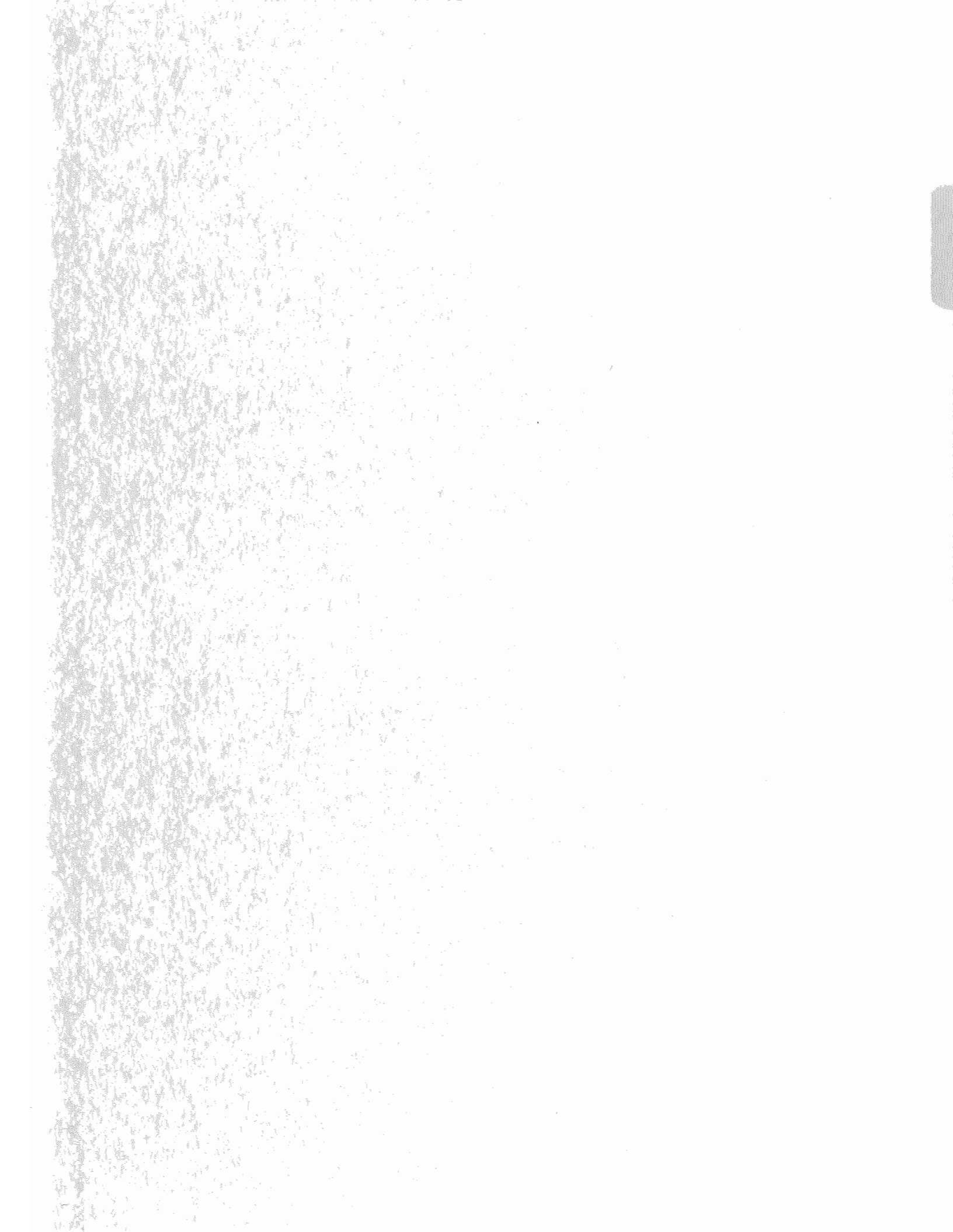
A: My response were absolutely accurate. I responded specifically to their questions during the examination on discovery and I gave them a full answer. Not one of them asked me, let's move ahead a number of months, you are out of office, you are trying to get yourself established, not one of them explored my post prime-ministerial life. Had they done so, I would have given them an absolutely truthful answer. Consider this: would I go into a 2 day examination on discovery that I brought about, through a civil suit that I initiated with anything untoward in my past? Christ, there were 21 of them sitting there, I would have answered any questions put forward.

Q: The Mathias report indicates that Karl Heinz Schreiber gave you money, that is not defamatory there is nothing for him to worry about in a courtroom.

A: What Mathias seems to know is mostly false. It is a much larger story. The money came to Britan. This money was not for me. I know who Britan was. Now there is a big story for you. For the moment it is not relevant to my role but I know that I wasn't Britan and I know who Britan was.

I will tell you at an appropriate time about Britain. It is not immediately germane to the thing we are talking about but I can tell you that is mind boggling, it is

F***ing mind boggling. I am just checking out one more fact.



INTERVIEW WITH BRIAN MULRONEY ON OCTOBER 12, 2003

from 4:30 p.m. -

The second thing I was looking for was anything relating to Britan.

red herring

Question from Brian Mulroneý: I got the impression that you plan to write about Karl Heinz Schreiber and me?

Answer from W.K.: It's part of the story.

B.M.: It is not part of the story at all. It is a different story. Don't forget that I have already told you this, that I have never done anything wrong or been involved with anyone for any improper purpose. Everything has been fully legal and proper. Don't forget that it has been fully examined by the RCMP. Don't forget also that there are also certain things that ELG knows that I don't know and there are certain things that I know that ELG doesn't know. So if you write about this it will be a big red herring that will please Stevie Cameron and distress myself because it is a false accusation because there is nothing there, you can be certain of that. The RCMP, before they signed off on April 22nd, had examined everything and had satisfied themselves about this. I don't want to do anything to feed Stevie Cameron. With all this stuff coming out she would seize on this as would her allies.

Don't forget that I am the one who sued the Government of Canada. I was fully aware that in the Province of Quebec they have the right to interrogate you on discovery before production of a plea. I knew that my full life was open for an interrogation. I can tell you something else, Karl Heinz Schreiber once suggested that he examined a transcript and that there was something wrong with it. There was nothing wrong with the transcript.

Question from W.K.: Well, there are two issues here. The first is that it is said that Karl Heinz Schreiber paid you \$300,000 on four separate occasions and the second issue is on the transcript. You don't indicate a commercial relationship with Schreiber.

Answer from B.M.: All that is false. His reading of it might give him that impression but the transcript is fine. Regarding the money, I can tell you that there would be enough inaccuracy in what was just said to maintain a lawsuit. I will tell you what I have told you before, everything I have done is completely honest and above board. Before, during and after political life.

All I can do is tell you that you can be god-damned certain that before they signed the letter in April telling me that everything was okay they had to look at

everything including all commercial transactions. They investigated everything.

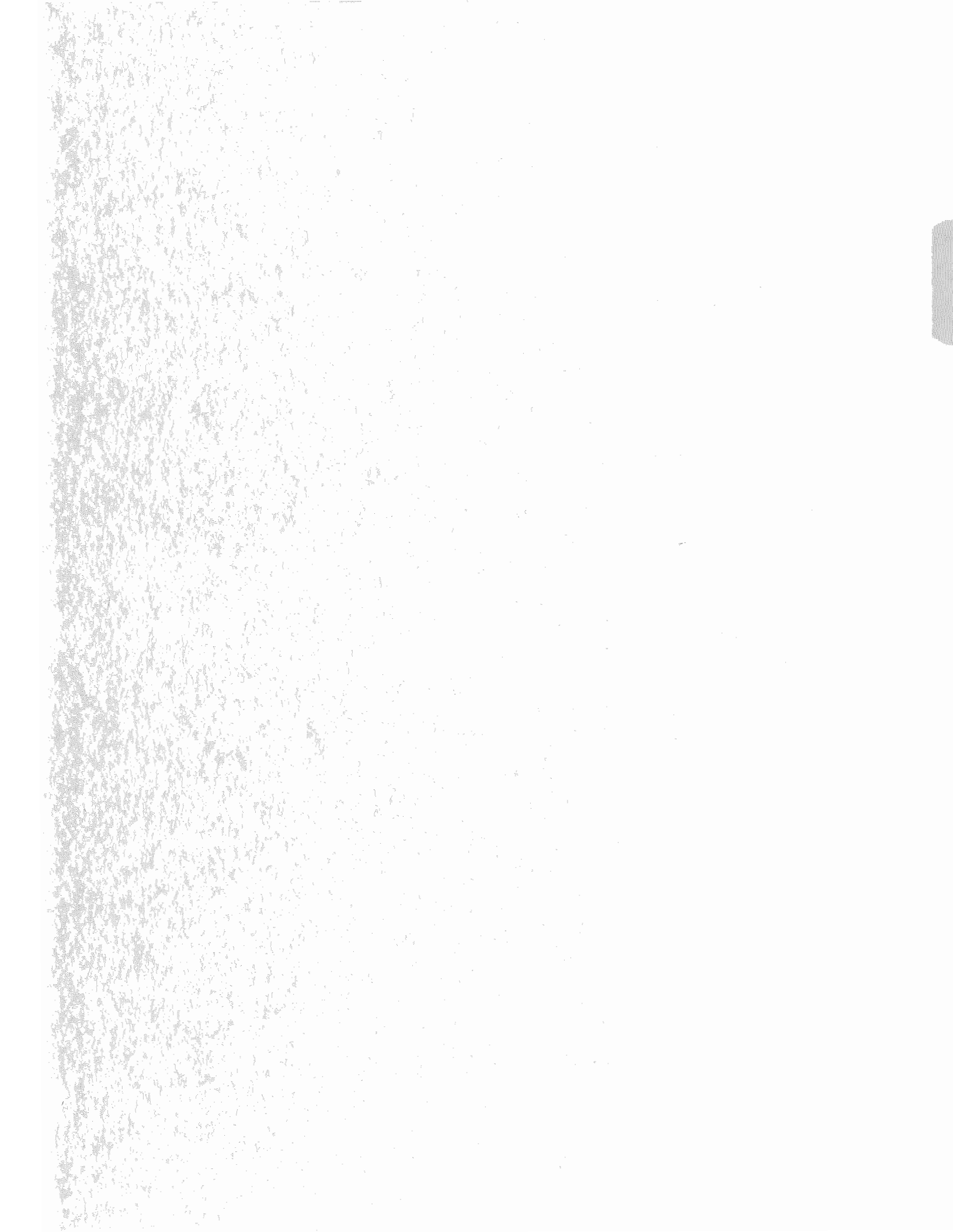
W.K.: That's helpful.

B.M.: They were aware of any transactions that I did after I left office. I am asking you to keep this between you and me. Keep it as a Chinese wall.

I can give you a personal guarantee that everything I did with anyone was looked at by the RCMP.

W.K.: Okay.

B.M.: And also everything in the transcript is completely accurate.



INTERVIEW WITH BRIAN MULRONEY ON OCTOBER 24, 2003

from 10:00 - 10:45 a.m.

y.

Q: I understand that Cashore is calling around.

A: What is he asking?

Q: I understand that he is asking about Britan.

A: We know that Britan is not me. I still don't know how he justifies accusing Britan and me. It is quite a grave mistake.

I don't want to say or do anything that would impact on Schreiber's extradition. He is a Canadian citizen. I don't think he should wind up in a German court. I don't want to do anything that would cause him even the slightest suspicion. That is what Stevie Cameron has spent her lifetime doing, sowing suspicion of my character. The big play for Eddy Greenspan is the extradition and I agree that it shouldn't happen and I don't want to say anything that could make that happen. So deal with this one. t

happened. I do know at the time, we were in an anticipatory mode fighting the CBC with respect to an upcoming Fifth Estate program where they suggested that I was Britan. It is interesting that Eddy Greenspan wrote a letter to the CBC saying that I wasn't Britan. It was a 2 or 3 page letter where he specifically laid this out. He said in this letter that the whole thing was a vendetta against me so maybe it is a misunderstanding. In any event, I don't want to get into a pissing contest. I still view him as an ally and I don't want to hurt his client.

I know that the kind of "facts" that you have set out to me, well don't take that as an article of faith.

WK: I accept that you have done nothing wrong but what disturbed me was the payment of the money.

A: I don't accept some of the facts that you related to me as being true. I don't want to get into a pissing match.

When this thing is over, at some point in the future, and you want clarification on this or any other thing, and we conclude that there is no impact on the extradition hearing, then you and I can sit down and we can see how different the situation is from what you believe it to be.

Q from BM to WK: Is this agreeable to you?

WK: I don't have an answer.

BM: There it is that is the truth.

WK: I accept that what happened between you and Schreiber was not unlawful.

BM: Somebody has given you a wrong slant on this.

Q: Are you around next weekend?

A: Let me see where I am going to be. I can plan on talking to you on the weekend. Let me give you a hypothetical image that you can reflect on. Something you told me about, forget about illegality and impropriety and focus on the fact that there is a suggestion that there is something sinister about two people meeting in a hotel room. Well think about this, one of the people in the hotel room was there to attend a banquet and there is a meeting that is taking place and discussions about a commercial arrangement that is taking place. But what about if there was 3 other people in the hotel room, how would that change the image. That kind of changes it. I am telling you that the facts you gave me, they never happened.

The reason that I was given a clean bill of health is that it was part of the investigation. Do you think the RCMP would have given that a pass? Of course not. That is why I am asking for your confidence on this matter so that you do not feed Stevie Cameron. And I should tell you this, be prepared for a son of a bitch of a reaction from me. I will deal with it immediately. If you want my cooperation and friendship, than you cannot be a friend and an opponent at the same time. That is my position. Obviously, I don't want to hurt Karl Heinz Schreiber.

I will be your friend or your enemy but not both. I have collaborated honestly with you and what Greenspan doesn't know is the extent of the RCMP investigation. I will show you a letter from the RCMP to give you the idea of the scope of this thing.

WK: Can I have that please?

BM: Godd*** right I'll give it to you.

It has incontrovertible proof that I have been examined to my toe nails. Okay my friend.

INTERVIEW WITH BRIAN MULRONEY ON OCTOBER 25, 2003

Cashore is barking up the wrong tree. I am not Britan. The RCMP investigated that.

INTERVIEW WITH BRIAN MULRONEY ON OCTOBER 30, 2003

I will accept it unless you are going to mention that little thing that we have talked about, in which case I am going to have to step down from it before it is announced. So could you please let me know as soon as possible what your intention is with respect to mentioning that thing.

Interview with K. Schreiber on Nov. 11/98

I inherited a feeling of fairness when I was a judge. Did you know that I was a judge? I would expect that sooner or later you will come out with a pocket book. Then there would be the opportunity for us to make some connections and I will help you.

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

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

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

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

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

With respect to Pelossi, it was only a matter of time before I get him in jail. I haven't attacked you because that would support my enemies. I feel guilty, about not speaking to you earlier on.

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

I am going after Pelossi but I am doing it step by step. It is like a farmer who plants seeds in April. You get your potatoes in October. I am now in September and I will get Pelossi in jail.

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

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

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

4

I began after the general introductions by telling him that I made many many efforts to contact him while I was writing my book so that I could be fair to him. He said that he actually asked Mulroney about me and whether he should cooperate and that Mulroney advised him in the strongest possible terms not to speak to me because I was unreliable. Eddie then made the point that Mulroney was very strategic and that he had been involved in a number of strategic type skirmishes with Schreiber throughout this whole piece. I asked for details but none were provided. I also asked him on a number of occasions for other things that Schreiber had to say and he said that he wouldn't tell me now but he may tell me later about things that were even bigger than Watergate. I told him that I knew about the meeting at the Queen Elizabeth Hotel and his eyes narrowed and focussed on Eddie but he said nothing. He then said that I knew that from the transcript and I told him that I had independent information about this. We talked some more about Mulroney. He said that one day he wanted it all to come out.

Interview with KHS Feb 13, 2004

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

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

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

Interview with khs at four season march 6, 04

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

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

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

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

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

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

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

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

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

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

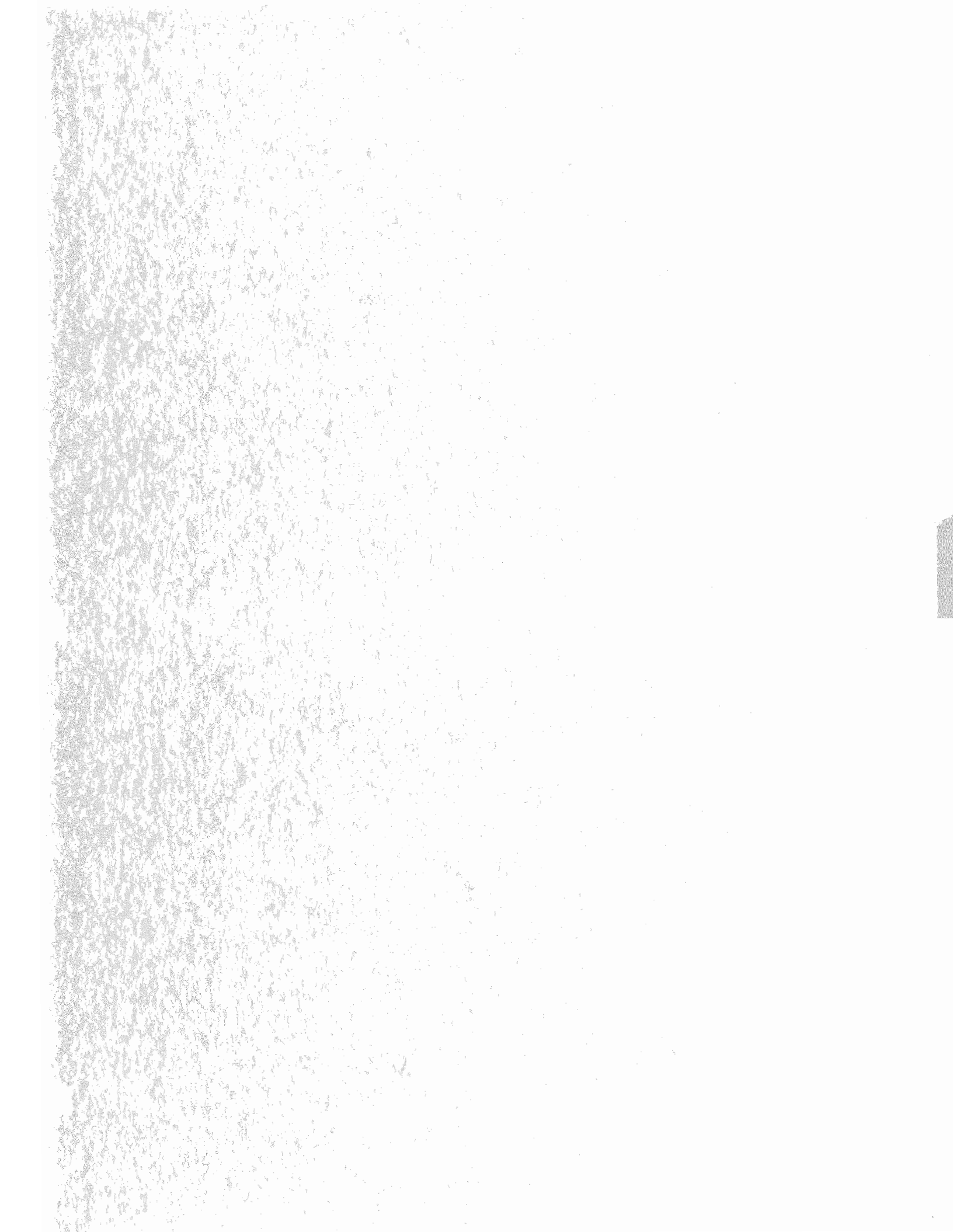
A: I wasn't there; I don't know what he testified to, I didn't care too much because I thought he must have a reason.

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

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

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


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



Interview with Luc Lavoie

Friday, January 4, 2002

He told me that he did not think that I ever asked Mulroney directly the question as to whether he received any money from Karl Heinz Schreiber. He suggested that I check my notes on that. He strongly objected to any suggestion that Mulroney engaged in any improper activity and he pointed out that there were nine lawyers and none of them ever asked Mulroney received any cash from Schreiber or anyone else. Moreover, had anyone made that request they would have been answered with the fact that the relationship was privileged. Moreover, he said the figure I used the other day (I discussed this matter earlier in the week with Lavoie) when he phoned me, having heard that I was planning on writing a new book about this (was wrong), he said the amount was much less than \$300,000. I asked him what the money was used for and he said that it was used for several services which were provided including organizing meetings with senior international executives, such as people at Archer Midland in connection with Schreiber's pasta business and advising Schreiber on international business transactions. Essentially, that was it. Anything else, Lavoie said was covered by client-attorney privilege. He said that Mulroney never lobbied for Schreiber and so never had to register as a lobbyist. He also said that Schreiber had many other people on retainer including Ian Scott, Alan McEachern and others. He denied that Mulroney was close to Schreiber and he said as much when he discussed Schreiber in connection with the examination on discovery he truthfully responded that they were not close. I asked him why Schreiber would pay Mulroney in cash. Lavoie's answer was that you should ask Schreiber that question. It is legal tender and he would be the one in the best position to answer that question. All taxes were paid and the income was fully reported to Revenue Canada. Why Schreiber would pay in cash Lavoie says entirely a matter up to him and for which he alone has knowledge. Lavoie said he had no idea. He said that the point of this all was that Mulroney never got a penny from Schreiber for anything he did while he was in office and he did receive some limited funds again, less than \$300,000, after he left office. It was Karl Heinz Schreiber who approached him and who wanted to have him as an advisor on international business transactions. That is all that happened. Lavoie suggested that I confirm these details with Yves Fortier if I wished.



Lavoie insisted that I was barking up the wrong tree and that I was never misled by Mulronev. The truth was that Mulronev had nothing to do with Airbus, he nothing to do with MBB and he had nothing improper to do with Bearhead. Being hired as an international advisor after he left office was entirely consistent with the practice he was setting out to establish.

I expressed some dismay about hearing this and referred to my interview in which I asked Mulronev some questions about Schreiber. He insisted that Mulronev answered all my questions truthfully and again recommended that I refer to my questions and the answers on that point. He said that everything I wrote in the book was true and that when I suggested that the news startled me and left me feeling as if I had been manipulated in a cynical way he insisted that it was not the case and Mulronev had the highest regard for me.



Memo to File— Dinner with Luc Lavoie on March 8/06

We had some discussion about when he found out about Mulronev and the cash. He told me that he found out several months before I did. However, he is a professional used to dealing in all sorts of complicated situations including negotiating hostage retrievals in South America. However, he told me both in the middle of the dinner and at the end of the evening that he was quite pissed off to find out about the cash but didn't take it personally.

He told me that Mulronev was so afraid of this information coming out that he panicked and that explains why he kept it secret. He says that no one could care less today even if the story came out about the voluntary declaration. This was interesting because this was an implicated mission that there had been a voluntary declaration. He said no one would care about that story. He paid his taxes. blah blah blah

Interview : Dinner on March 8/06 -- recollections dictated immediately after.

Conversation with Phil Mathias 15 March 01

General discussion re last night's fifth estate story. Then he told me the following story: after mulroney stopped being pm he told schreiber that kim campbell was going to be pm and that he could lobby her for bearhead, but this time located somewhere in quebec. Schreiber said okay and gave mulroney 300,000 in cash. According to mathias, schreiber always lets people decide whether to declare income or not. After mulroney testified in examination on discovery and said that he had no business relationship with schreiber, he wrote eddie greenspan a letter and asked greenspan to acknowledge in writing that schreiber never gave him any \$. Greenspan refused. Mulroney wrote a second letter admitting that schreiber gave him some \$ for certain specified tasks and, according to mathias, asked him to sign it. Greenspan said no.

According to mathias he has written a story about mulroney getting cash, and it has been approved by the libel lawyers at the Post but the editors refuse to tell him what their intentions are with respect to it. I asked mathias if he sought comment from mulroney, and he told me that Lavoie refused to comment - stating that his new employment relationship with Quebecor precluded him from doing so and that Gerald Tremblay also refused comment, in fact would not return his telephone calls.

He also told me that he has been led to understand - I don't know how - that mulroney subsequently declared some of the cash to Revenue Canada. I asked about his sources for all of this, and he says that they are sound and libel-proof.

Interview with Philip Mathias
January 7, 2002

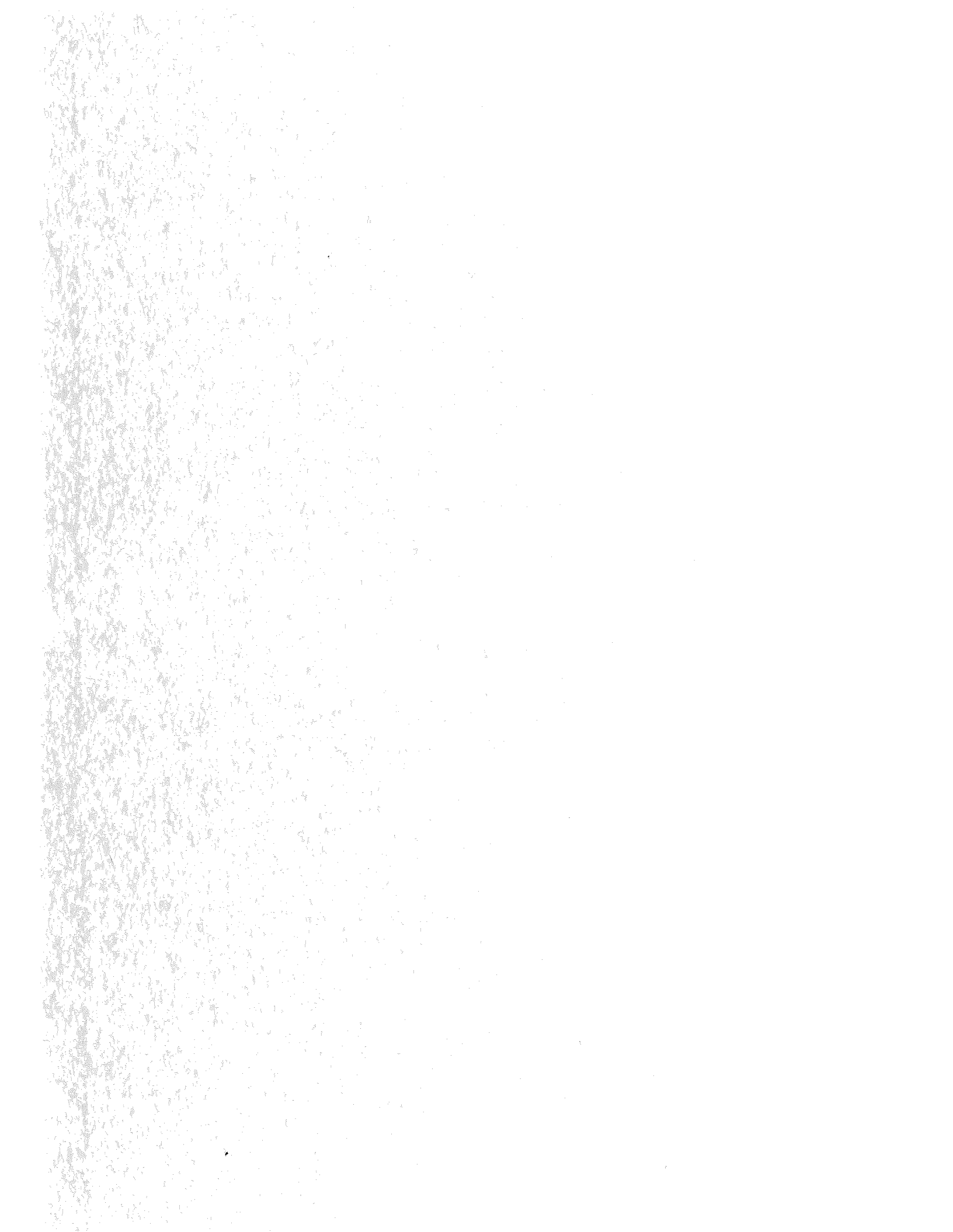
I was told that the amount was \$300,000 and I confirmed it with two sources. As I understand it in 1998, before Schreiber was arrested, Tremblay sent a note to Eddy Greenspan. The note said "would you please get your client to send us a signed statement that he never sent any money to Brian Mulroney". Schreiber and Greenspan refused. This apparently caused great consternation throughout Brian Mulroney's team because they couldn't get this statement and, as I understand it, Mulroney began to panic. He then declared the money, a lesser amount, to Revenue Canada. He was concerned that there would be some way that they could demonstrate he got something so this is why he made the declaration.

Question: Why didn't he deny that he got any money at all?

Answer: Don't know.

Karl Heinz Schreiber could use the information about paying Mulroney to make his situation easier with the police. He could also use it to get money from Mulroney in return. He could use it to get Mulroney to do things he wanted, like press Lavoie in the lawsuit that he has out against him. There are a variety of uses. (I suggested to him that Schreiber might be the kind of guy that thinks so far ahead that he would have paid the money as a kind of insurance policy and Mathias agreed that this was possible.)

Another matter which one is left wondering about is whether there was a receipt or a witness. Was there any secret recording? Who knows. "Another thing that really bothers me" Mathias said, "that it was disgraceful the way the National Post would during holiday season publish a story about how Mulroney was being persecuted given that the editors, if not the reporter, knew all about the \$300,000. So how could they publish this article? It was absolutely disgraceful. I am told that he declared \$200,000. The question is why didn't he talk about this matter publicly. Why did he take so long to declare that he received these funds. It smells. What makes it a good story and what defeats it as a good story, is we don't know if it was an honest payment or whether it was a payment for something else. We just don't know"



Interview with Pat MacAdam Sunday July 18, 2004

Q: Apparently Mulronev and Schreiber knew each other quite well.

A: Brian Mulronev kept him at arms length. He used to show up with Strauss's son. I do not think Mulronev would have seen him otherwise. Brian Mulronev was pretty thick with Franz Joseph Strauss. Schreiber was a very funny guy. A little guy. He could light up a room.

Q: When you read the Globe & Mail did you know about the money?

A: I found out about it later. Mulronev told me it was not \$ 300,000. He told me it was \$225,000 and that he paid tax on it and declared it. I asked Mulronev how the information got out. Mulronev told me it was in FRANK Magazine, and that Mathias had given it to them. Brian told me that he had been examined by nine lawyers and that if they had asked him about the money he would of said so.

Q: What did he say about me; namely, when I asked him about the money?

A: He reported to me that you never asked him, that no one ever asked him about the money.

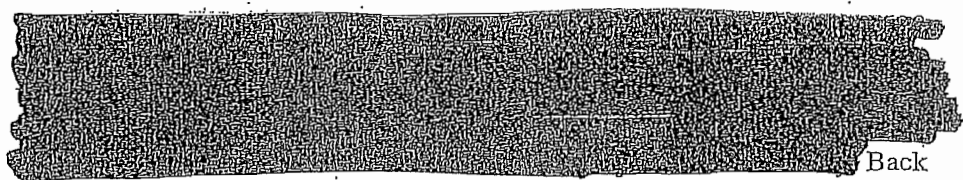
Q: What did he do to earn the money?

A: I have no idea, I read that Schreiber was trying to sell spaghetti.

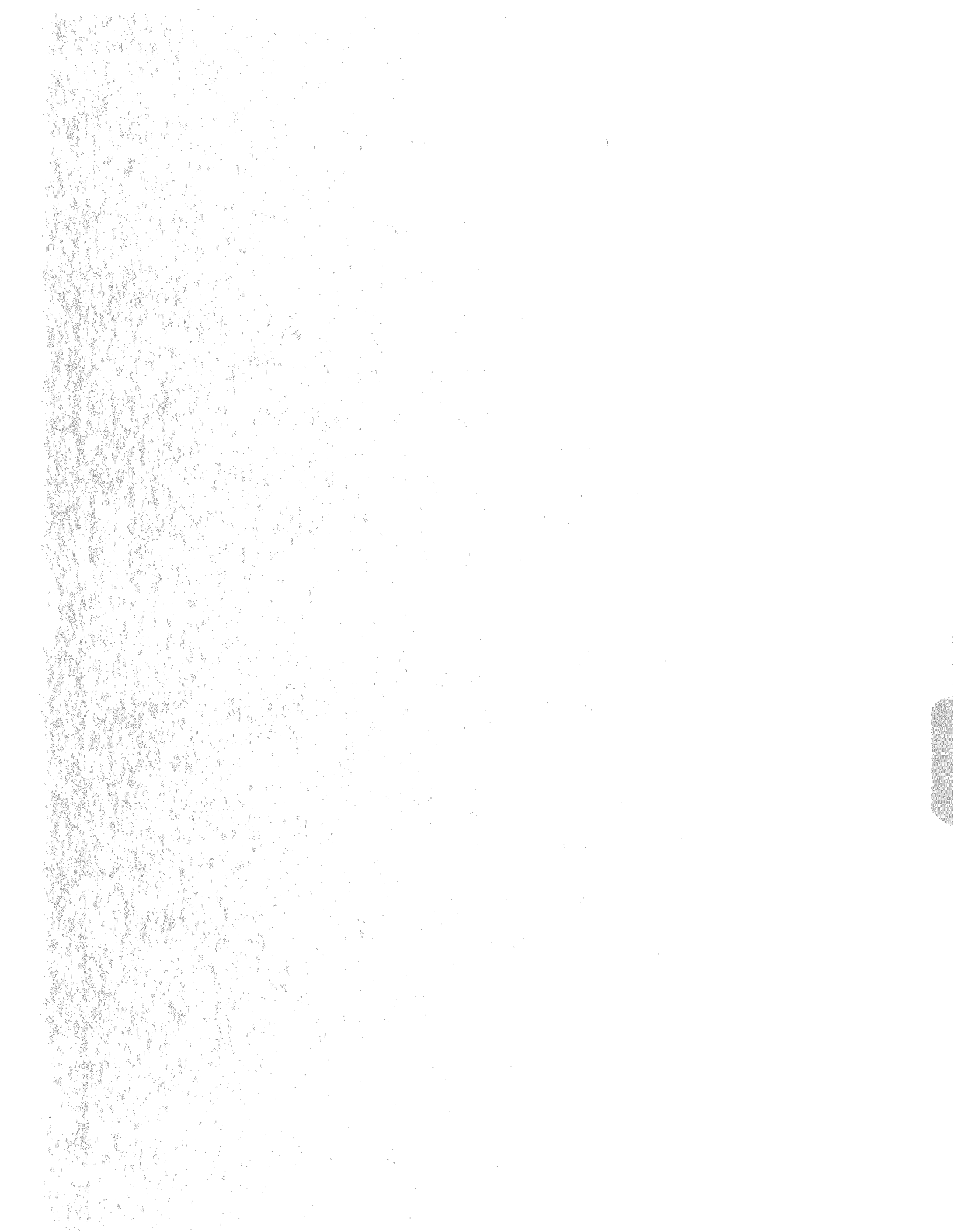
I am still in touch with him. He has been in China on a boat. He was adamant, that he was been examined on discovery and no one ever asked him if he had taken the money. If they had, he would of said yes. He told me that it was not solicitor client privilege, so he would have answered it truthfully. Schreiber inflated the money to \$300,000 to make himself look bigger.

Q: Why did Mulronev take it in cash?

A: I have no idea. Did he take it in cash? He said he declared it on his income tax and that he paid tax on it.



Back to Mulronev, however, he was under no compulsion to volunteer that he had a commercial relationship with Schreiber, but he would of said yes if he had been asked about it.



As this entire document was given to the CBC and, at one time, in any event, posted on their website, it is being disclosed in its entirety.

July 19, 2004

William:

I must confess I am not au courant with the recent happenings, e.g. your Globe and Mail articles (3) in the Stevie Cameron, Brian Mulroney, Karlheinz Schreiber matter.

All I know is in my memory bank I call a brain and I think I discussed most of it with you on the "phone yesterday.

Mike Duffy keeps sending me Emails about Ms. Cameron and her fundraising efforts in Toronto. I don't know if he is sending me them for action (unlikely) or if his tongue is in his cheek (likely). I have a call in for him but I suspect he is scarfing down lobsters in P.E.I.

The last message I received from him was the McGill-Queens University Press web page about your upcoming book.

Jaysus, I hope you are not writing what I read and that it is the over-zealous product of a flack in McGill-Queens' promotion department.

My guess is that Mulroney will sue the pants off you and McGill-Queens.

I am totally unaware of any circumstance
"WHERE HE TESTIFIED UNDER OATH ABOUT HIS
RELATIONSHIP ABOUT HIS RELATIONSHIP WITH

GERMAN MIDDLEMAN KARLHEINZ SCHREIBER AND THEN TRIED TO SUPPRESS THE STORY IN THE MEDIA."

I am also at sea regarding the passage in the promo piece: "KAPLAN REVEALS HOW HE WAS MISLED AND DECEIVED BY BOHT MULRONEY AND CAMERON."

Did you know that early on, Mulroney's lawyer, Roger Tasse, the much respected former deputy minister of Justice, contacted the Justice department in Ottawa and offered to come to Ottawa and table Mulroney's income tax returns for the past 20 years. Justice blew Tasse away as if he were a nuisance.

The amount Mulroney received was \$225,000 - not \$300,000 - and he declared it and paid tax on it.

I went through my old files, correspondence and Emails last night and found that:

1. Karlheinz hired Mulroney to sell Bearhead armoured vehicles to China. The vehicles were/are top of the line. Former Chief of the Defence Staff Ramsey Withers told me Bearhead's vehicle was the Cadillac of armoured vehicles - heavily armoured and capable of performing for four days in air conditioned comfort in the event of a gas attack. Ramsey said the vehicles the Canadian military bought were so

3.

lightly armoured that a bullet from a standard NATO rifle could pierce the skin. He also said that the crew would be goners in a chemical or biological attack.

2. Schreiber also engaged Mulroney to explore the sale of pasta machines. The machines required a special kind of wheat and Schreiber thought that this would be right up the alley of Archer, Daniel, Midland. Mulroney was a consultant to ADM. I found this out from a former Hill aide who went to work for ADT in one of their installations in the mid-West.

Mulroney told me he was interrogated by nine (9) Justice lawyers at Examination for Discovery and not once was he asked if he had received a financial retainer from Schreiber. The air at the Examination was so poisonous that all Mulroney offered was name, rank and serial number and truthful answers to any questions.

Was Mulroney expected to tell the world, voluntarily, that he had been retained by Schreiber? I think now.

When I was at GCI I didn't go about boasting who my clients were or what services I performed for them.

I respect you as a lawyer, researcher and gifted author and don't want to see you end

4.

up wearing egg all over your face or spending the next few years in Quebec Superior court defending yourself. Mark my words, I have known Mulroney since 1955 and I know he will pull out all the stops if he believe his name is being "besmirched".

I hope what I read is the hype of an over-zealous flack in McGill-Queens' promo department.

Pat MacAdam

KHS -- went to Harrington Lake,

Fred

Doucet asked me to help out.

-- if you write the story that KHS says BM lied, in 1993 no pasta, it was Thyssen, so
that means the old story is dead --

Strauss, the business eventually had a lock on all the road-marking contracts in Bavaria. Schreiber began looking for other markets for this innovative product.

Schreiber made his way to Alberta, Canada, in the early 1970s. Realizing that government contracts required government contacts, he quickly went about making them among the reigning provincial Tories. Despite these contacts, the road-marking company did not do well in Canada and was eventually sold. Schreiber invested heavily in real estate, on his own behalf and for others. He made money and he lost money. But there was always a new project on the go, in Alberta, Newfoundland, Saudi Arabia, Costa Rica, Mexico, France, Switzerland, and, of course, Germany. Along the way he befriended a number of Canadian politicians, including Brian Mulroney. It was no surprise to Schreiber, then, when Mulroney summoned him to Harrington Lake for a chat that summer day in 1993. When it was time to go, Schreiber remembers Mulroney escorting him to the door and the waiting car.

The limousine kicked up dust along the dirt-and-gravel road out of the Harrington Lake compound and was waved through the white entrance gate by an RCMP officer. Three cameras mounted on poles recorded the exit as the vehicle bounced down the narrow road hugging the south shore of Meech Lake, one of three large finger-shaped bodies of water bisecting Gatineau Park. To the right, cliffs descended sharply to the road, dotted here and there with cottages. Soon they were in the quaint village of Old Chelsea, where, looking out the tinted window, Schreiber could see the summer tourists milling about, stopping at the popular brick bakery and the local pizzeria. The car turned onto No. 5, a four-lane divided highway, and the Ottawa skyline soon appeared on the right, the Parliament Buildings rising magnificently above the Ottawa River. Barely half an hour after leaving Mulroney, Schreiber later recalled, the car sped along Sussex Drive, beyond the prime minister's residence and the sprawling grounds of Rideau Hall, and delivered him home in Rockcliffe Park.

Less than one year after the last payment was made in December 1994, Mulroney and Schreiber were back in the newspapers, but it was unwelcome publicity for both of them. Early in 1995 the RCMP resurrected an old file, one filled with allegations of major wrongdoing by the former prime minister, Schreiber, and a third party, Frank Moores, the former premier of Newfoundland.

Born in 1933 in Harbour Grace, Moores was the son of a prosperous family of fish merchants. He had little formal education but tremendous street smarts. Hard working, hard living, and hard

drinking, Moores entered politics in 1968 as a federal Tory MP. He quickly tired of Ottawa, however, and in 1970 returned to Newfoundland to challenge longtime Liberal premier Joey Smallwood. Three years later, Moores was premier, a post he held for seven years.

In 1976 Moores nominated Mulroney in his first bid for the federal Progressive Conservative Party leadership. They had been friends before and they have been friends ever since. When Mulroney was finally elected leader of the party in 1983 and then prime minister in 1984, Moores moved to Ottawa and established the number one lobbying firm in the capital, Government Consultants International (GCI). In 1995, two years after Mulroney had left office and Moores had left town, the RCMP believed that the duo, together with Schreiber, had engaged in a criminal conspiracy to defraud the people of Canada of millions of dollars. The Mounties were convinced that unlawful commissions had been paid in Air Canada's \$1.8 billion purchase of Airbus aircraft, the Coast Guard's acquisition of a dozen helicopters, and a stillborn plan to assemble light armoured vehicles in Bearhead, Cape Breton. Among the recipients, the RCMP believed, were Brian Mulroney, Frank Moores, and the German-Canadian middleman in all three transactions, Karlheinz Schreiber. But the police investigation, first launched in 1988, had run out of steam in Canada. The Mounties had their suspicions, and little else. But, thanks to a secret police informer, the inquiry was given a big boost and the RCMP were in a position to follow up on some leads overseas. They wanted to ask the Swiss government for assistance in divulging details about a number of secret Swiss bank accounts supposedly belonging to Mulroney, Moores, and Schreiber and containing some of their share of the spoils. To do so, the investigators needed to present a document called a Letter of Request.

The Swiss banking system is governed by two overriding principles: security and secrecy. As a result of international pressure, however, the Swiss had reluctantly agreed to assist foreign governments in obtaining details about numbered accounts — provided the requesting government could assure them there was real evidence of the commission of a serious crime.

The RCMP's 1995 Letter of Request fit this requirement. The letter from Canada did not beat around the bush. It said that Mulroney had defrauded the Canadian people of millions of dollars. He was, to summarize in three words, "on the take." Karlheinz Schreiber and Frank Moores were also involved, with the trio receiving big kickbacks from Air Canada's purchase of Airbus planes, the Canadian Coast Guard's purchase of helicopters from a German company



Philip Mathias – the journalist who first got the story

heads? There was unproductive conversation. Finally, Mathias announced he had had enough.

Discussion then turned to the merits of the story. There was further exchange and a line-by-line dissection of the story. More observations were shared that it was not a story. Since there was no evidence that the payments had anything to do with Airbus, MBB, or Bearhead, why refer to them in the story? There was something to that. If the commercial relationship had nothing to do with the matters under police investigation, was it journalistically proper to contextualize it in this way? Yet the government had asserted that Mulroney and Schreiber were in cahoots, and that millions in bribe money had passed hands. Did the story not require that background information in order to place the payment, whatever it was for, in appropriate context? The money, moreover, had been turned over in cash. Surely that fact cast a shadow over the entire transaction.

That night the *Post's* editor-in-chief, Ken Whyte, called Mathias at home and said that the criticisms of the story reflected his view. Whyte suggested that Mathias contact me, the author of *Presumed Guilty*, which had been written independently of Mulroney but with his complete cooperation, to get a comment. Mathias called me and told me what he had learned. If Whyte expected me to try to explain it all away, as Mathias suspected, he was sorely disappointed.

I could not believe what I was hearing when Mathias read me his story. After spending the better part of a year working on a book that defended the former prime minister and severely criticized the then current one, Jean Chrétien, among others, I learned that Mulroney and Schreiber enjoyed something considerably more than a casual, nodding acquaintance. Obviously, I had asked Mulroney about Schreiber and their relationship. In fact, at our first formal interview, it was the very first question I asked because it was the most important one to be answered. It was central. This is what Brian Mulroney said to me on December 2, 1997: "I knew Schreiber in a peripheral way. He was associated in my mind with the Alberta Progressive Conservatives. That was the limited extent to which I knew anything about him. I knew who he was and that he'd been involved in Bear Head."⁷ Mulroney told me that he simply considered Schreiber's proposal to bring jobs to Cape Breton Island and that he was initially in favour; but, on the advice of his officials, he decided against proceeding with the project. I believed him – his answer was completely consistent with the written record – and moved on to interview him about other things. One of Mulroney's university friends is reported to have told the CBC's Larry Zolf, "Mulroney never met this Schreiber guy, Mulroney doesn't even know Schreiber, Moores may have brought Schreiber to a party, but that's all." However, I now learned that their post-prime ministerial get-togethers had to have been something more than "peripheral," and that the relationship between the two men actually went way back. I had been duped. Schreiber had been part of the Mulroney circle even before he entered public life. In fact, he had played an important behind-the-scenes role in Mulroney's road to power.⁸

In January 1983, 2,400 Tory delegates descended on Winnipeg. The only item on the agenda that mattered was a leadership review. Joe Clark had won the Tory Party leadership over Mulroney in 1976 and, three years later, at the age of thirty-nine, was elected the youngest ever prime minister of Canada. After just nine months in power, Clark squandered his government by losing a crucial and avoidable parliamentary vote on a budget of tax increases and program cuts. He then lost the election that followed. Clark won the first leadership review after his electoral defeat, and he claimed to welcome the opportunity for a renewed mandate. He was so certain of success that he raised the bar from the traditional two-thirds support needed for a leader to carry on to 70 per cent, though he had received barely more than 66 per cent in that first review in 1981.

international business executives." Mulroney himself would not give any details, but he did have an explanation – sort of. When he re-joined Ogilvy Renault, a leading Montreal law firm where he had first practised labour law after his call to the bar, he made it clear to the firm, he said, that, in addition to practising law, he would establish an independent international consultancy. The names of his clients would be confidential and would not be released without their permission. "If," and Mulroney emphasized the "if," clients paid for his services in cash, that would be reflected in the books of the company. All income would be declared and all taxes paid.

Fair enough. But had Mulroney been retained to lobby for Bearhead, at the very least he would have had to register as a lobbyist under legislation passed by Parliament under his government, which he did not. There might also have been conflict-of-interest issues, given that he had recently been prime minister and did not step down as a sitting MP until the general election on October 25, 1993. So perhaps, I thought, Mathias got that part of the story wrong, and the truth was that he received proper and appropriate payments for assisting Schreiber's other business interests in Canada and overseas.

That is exactly what happened, insisted Lavoie. Mulroney never lobbied for Schreiber, so he never had to register as a lobbyist. "All income was declared and all taxes paid." It was completely straightforward. "The truth is," Lavoie said in an interview with me, "Mr. Mulroney never had anything to do with Airbus, he had nothing to do with MBB, and he had nothing improper to do with Bearhead. Being hired as an international adviser after he left office was entirely consistent with the practice he was setting out to establish." It was certainly possible that Mulroney was only giving strategic advice. If so, registration would be unnecessary and no conflict-of-interest issue would arise. This explanation was a start, but not good enough.

What was the nature of the retainer? I asked. Was it for international introductions? Or was it for legal representation? Was it to help the pasta business? If so, exactly when did Schreiber begin that initiative? Was it as early as 1993? Schreiber laughed when I asked him if Mulroney helped him sell penne, but later, upon reflection, he told me that Mulroney did write him with some suggestions in 1994.¹² If the relationship was for legal advice, Mulroney would presumably have billed through his law firm, and any information about his activities on behalf of his client would have been privileged. The payment, if in cash, would have been recorded in the firm's records and books. If the money was paid to Mulroney as part of his international business consultancy, however, that would have been a dif-

ferent matter. In that case, what assignments were undertaken? How much time was put into the file? Was the fee proportionate to the service? And why cash? To be sure, Europeans frequently deal in cash – but North Americans generally do not. Former prime ministers operating international consultancies or practising law generally issue accounts, and then get paid in a more conventional way – by cheque or money transfer.

And on that point, why was Mulroney never asked any questions on the record while he was under oath about his relationship with Schreiber? He was examined by a number of government lawyers as part of his libel suit. Examination on discovery, as it is referred to in the province of Quebec, is a pre-trial procedure in which one side gets to ask the key witnesses for the other side, who swear under oath to tell the truth, any questions it has about the case. The purpose of the procedure is to save valuable court time by obtaining some of the evidence in advance. Mulroney spent two full days with his lawyers getting ready for his examination on discovery before his lawsuit. At the end of the first day of preparation, the lawyers said they were satisfied. Mulroney disagreed and did it all over again.

The real examination on discovery began on April 17, 1996, at the Montréal Palais de Justice. Before entering the courtroom, Mulroney turned to Lavoie and said, "Luc, do you know what [chief government lawyer Claude-Armand] Sheppard's problem is going to be today?"

"No, boss," Lavoie replied.

"He is going to ask me questions and he expects me to answer them."

This court appearance was the first time Mulroney had spoken publicly since he filed his lawsuit the previous November. He professed indignation and outrage. He seethed with anger against the RCMP, the Department of Justice, Jean Chrétien, Herb Gray, and Allan Rock, all of whom he believed were trying to destroy him and his place in history. Mulroney was well aware that the entire country was watching the heavily publicized proceeding. Every question became an opportunity for him to call the government to account, as he railed against the injustice of being called a criminal when he had not even been accused of a crime. In between his repeated condemnations of the wording of the 1995 Letter of Request, Mulroney was asked, and answered, a lot of questions about Schreiber and about his involvement with Schreiber's efforts, on behalf of Thyssen, to build light armoured vehicles in Cape Breton.

Obviously, Mulroney observed, any Canadian prime minister

innocent of any wrongdoing ... His only guilt might be by association."⁶ Unfortunately, Mulroney never told me who Britan actually was.⁷ He had more pressing matters to discuss.

"The thing I want to get back to is that I do not want your story to reflect badly on me," he insisted. "I don't want a sidebar that Stevie Cameron can pounce on and say, 'See, I told you so,' when we have her finally going down the tubes ... I don't want anything in there that gives Stevie Cameron a pound of flesh to start chewing on. So please think about what I said. I told Mila that I would be surprised that Bill gives anything to Stevie Cameron to chew on ... the principal reason I want this as clean as a whistle is, following your series of articles, let's say it starts out the week of November 5, 2003, I wait a week and then I write a letter to the new prime minister, Paul Martin, asking for a new investigation and a royal commission into this cabal and conspiracy. I plan to tell Martin that this is the only thing that will clarify it all ... By the way, Paul Martin views this thing as a huge scandal and it wouldn't offend him if his predecessor was caught up in this."⁸

Then there was the children angle: "Now I want to clarify something with you that is important for me. I have told you that I lay awake about what would be in the paper during this whole Airbus thing and how that would affect my wife and kids. Then on April 22 we got the letter from the RCMP that there was no evidence for any prosecution. Now I get the impression that you plan to say something about matters unrelated to the secret trial."

That was correct. Mulroney asked the question straight out, but I did not give him the answer he was looking for. "It's part of the story," I told him, feeling sick and uncomfortable as I did so. He did not agree. "It's not part of the story at all. It is a different story. Don't forget that I have already told you this, that I have never done anything wrong or been involved with anyone for any improper purpose. Everything has been fully legal and proper. Don't forget that it has been fully examined by the RCMP ... So if you write about this it will be a big red herring that will please Stevie Cameron and distress myself because it is a false accusation, because there is nothing there, you can be certain of that. The RCMP, before they signed off on April 22, had examined everything and had satisfied themselves about this. I don't want to do anything to feed Stevie Cameron. With all this stuff coming out, she would seize on this, as would her allies."⁹

But what about the fact that Schreiber paid you \$300,000 in cash? I asked. And what about the fact that when you were examined under oath, you never indicated a commercial relationship with the German businessman?

"All that is false ... the transcript is fine," Mulroney retorted. "Regarding the money, I can tell you that there would be enough inaccuracy in what was just said to maintain a lawsuit. I will tell you what I have told you before - everything I have done is completely honest and above board. Before, during and after my political life."¹⁰

Then there was the warning: "If I have to defend myself again, I will. If I have to go through the courts again, I will. I don't need this ... It was like the Gestapo. You know, it just about killed me fighting alone against the government and the complete lack of any kindness from Rock or Chrétien. There wasn't a senior public servant who said to Chrétien, 'Look, you may have your partisan reasons for going against Mulroney, but we have worked with him for 10 years as prime minister and he was completely honest and fair minded.' It cost me hundreds of thousands of dollars to serve as prime minister. No public servant said we can't be party to this. This is what I found so terrible. No one said a word - they let me suffer while they listened to Stevie Cameron denigrate me. She had been saying that I was a criminal. In any event, if that is your intention, let me know. All I can do is tell you that you can be god-damned certain that before they signed the letter in April telling me everything was okay, they had to look at everything, including all commercial transactions. They investigated everything ... They were aware of any transactions I did after I left office ... I can give you a personal guarantee that everything I did with anyone was looked at by the RCMP. And also everything in the transcript is completely accurate."¹¹

As our conversations often did, this one drifted on. What he liked to talk most about was the "squalid conduct and stunning hypocrisy" of Jean Chrétien and his Liberals. This time, the next issue up for discussion was who would lead the Conservatives to power. The answer was - Mulroney. He explained that he had recently seen a Quebec poll that gave the Liberals up to sixty seats. This was before the "adscam" sponsorship scandal that drove down Liberal numbers in Ontario and Quebec and across the rest of the country. But the poll also asked about voting patterns if Mulroney was the leader of a united Conservative Party. Assuming that to be the case, the poll indicated there would be forty Tory seats. "The first time I ran," Mulroney continued, "I took fifty-eight, then the second time I ran I took sixty-nine seats. So I would have a strong base just to start."

What did Mila think about the prospect? I asked. "She won't even let me talk about it. But if I thought it was necessary ... In April [2004] they will hold a leadership convention. If I decided to run next April I would win the leadership. I would have a handicap on Paul Martin, but I could defeat him easily in the debates. I would be nrime



Patrick Flaherty – the *Globe and Mail* lawyer succeeded in persuading Justice Tien that secrecy could no longer be justified.

Globe and Mail editor-in-chief Ed Greenspon assigned editor Jerry Johnson to make sense out of my prose. A journalist and an author, Greenspon was determined to shed light on the secret trial, and he was prepared to commit the *Globe's* power and prestige in order to so. As far as I could tell, Greenspon cares about only two things in the world: telling the truth and the *Globe and Mail*. Johnson, a *Globe* editor for more than twenty-five years, was a University of Western Ontario graduate with both an Honours BA and an MA in journalism. It was amazing working with Johnson, the editor of "Focus," the *Globe's* Saturday feature section. He could take a paragraph and reduce it to a much better-sounding sentence. We spent hours in his windowless room going over everything. He started calling me "Scoop," which was a bit amusing. When we were not working together, we were sitting with *Globe* libel lawyer Brian MacLeod Rogers, reviewing the text line by line as Rogers demanded justification for some of the possibly contentious claims. People looked at me as I wandered around the newsroom, wondering who I was and why I was spending so much time in Greenspon's office.

Telephone calls from Mulroney to me, and to Greenspon, escalated. Greenspon advised Mulroney that I would be telling the whole story. Let's meet, Mulroney suggested to me on Monday, November

3, 2003, and, he added, "I would be grateful if you brought what you wrote." But there was a little more about Jews. "I defended the Jews and got abused for that. That is the right thing to do, I know you got abuse about me, but it is because of Stevie Cameron. She put so much poison into the system. Israel is the new Jew. As far as she is concerned, I am the new Jew."¹⁶

Finally, there was our conversation early Sunday morning, November 9, 2003. I was completely worn out by the process of getting the series ready for publication, while working at my day job, and worn down by his effort to stop the publication of the last in the series of three articles in the *Globe and Mail*. The purpose of this conversation was, for him, to address my concerns with his misleading testimony at the examination on discovery. At some point in our conversation, not long after we began, Mulroney told me it was not an interview. This was the first time, in all the years I've known him and in countless conversations, many lasting hours, that he had ever said that. I should have said no, that it was an interview and that if it continued I could and would feel free to quote what he said. We reviewed the transcript. I directed him to the problems. It was an emotional conversation and, at the time, the stakes truly seemed enormous. We both believed, quite wrongly as it turned out, that Canadians would notice – and care. He talked about honour. I pointed out that he was not the only person with honour. I had sat in his house and he had told me that he barely knew Schreiber – and that was not true. He responded: "I regret any inconvenience that I may have caused."

I could not believe my ears. I had trusted Brian Mulroney. He had looked me in the eye. He had told me the same story he told the Canadian people – the same misleading story that he had but a "peripheral" relationship with Karlheinz Schreiber. He regretted the inconvenience? I had worked like a dog getting my book done, working early mornings, nights, and weekends, taking weeks off work criss-crossing the country to promote my book, all the time defending him while attacking the misconduct of the government and the RCMP. Raising my voice for the first time ever in a discussion with him, I told him it was not good enough. He then said, "I'm sorry." Although he called my house later that night, I did not answer the telephone. I have not spoken to Brian Mulroney since.

Conclusion

The Difficulty in Getting to the Truth

It can be extremely difficult to get to the truth. When I wrote *Presumed Guilty* I thought I had the story right. To be sure, just about everything in that book is factually correct – there are a couple of mistakes, including one whopper – but the story itself is wrong because a key piece of information is missing: that Karlheinz Schreiber hired and paid Brian Mulroney \$300,000 and that the payments were in cash and handed over in hotels. That single piece of information changes everything. No evidence has ever come forward, none whatsoever, that Mulroney had any improper involvement with Airbus, MBB, or Bearhead. What the evidence does demonstrate, however, is that Mulroney went to great lengths to conceal his commercial relationship with Schreiber: he misled the Canadian people, when his overriding obligation both as a citizen and as our former prime minister was to tell the whole truth, every single unvarnished detail, whether the government lawyers asked him about it or not. Instead, Mulroney turned the examination on discovery into political theatre and violated the public's trust. In all probability Mulroney's acolytes, who also blasted the government for its perfidy in the Airbus investigation, were, like me, unaware of the Mulroney-Schreiber commercial relationship. Mulroney's unrelenting campaign to persuade me not to publish the story about the money for one reason only – to protect his reputation – was brutal, heavy-handed, and extremely wearing.

No satisfactory explanation about the money and the commercial relationship has ever been given. Instead, all we have are mushy conflicting accounts from Mulroney and his circle. The payment was to assist Schreiber with his pasta business. It was for international introductions. It was legally privileged. It was to help out with Bearhead. The fact is that we are still far from fully informed about why the money was paid or, put another way, what exactly Mulroney did

its home-field advantage to European Airbus? And why? Perhaps it was very straightforward: Airbus had the better product.

While Mulroney ultimately declined to give his government's green light to the Bearhead project, his officials did sign a letter of intent with Thyssen just before the 1988 election. Thyssen money, in the millions, began to flow soon after. Where did that money go? Schreiber considered suing over the letter of intent and even got an opinion from a leading counsel that the German industrial giant had a good case. Schreiber wanted to proceed with the action, but Thyssen said no. Some losses are best just written off. The commissions in the helicopter deal were, in contrast to the other deals, chump change. So what was it all really about?

There are a number of interesting theories about the movement of Schreiber's money, to Mulroney and to others. One of them is that Mulroney needed money, so Schreiber gave him some. "I can tell you," Mulroney told me on June 4, 1998, "when I first started out, I needed ... money quite badly." There were certainly indications at the time. In the summer of 1993 the Mulroneys were moving back home to Montreal. Between April and October, Boyd's Moving made many trips between Ottawa and Montreal with trailers filled with Mulroney stuff, as they transported their 24 Sussex lifestyle to Westmount. Initially they made a deal to sell sixty-five pieces of furniture, along with bedding, carpets, wallpaper, curtains, and assorted knickknacks, to the government for \$150,000, but the media got wind of the arrangement and a public outcry erupted, forcing the Mulroneys to rescind their offer and return the government cheque.²⁸ Schreiber was aware of Mulroney's financial situation the day he went to visit him at Harrington Lake, and he was more than willing to help out.

Still pitching his Bearhead project, Schreiber believed the former prime minister would be an excellent ambassador for the company — at home and abroad — with its peacekeeping vehicles and other products. "I am aware that many of the companies that Brian Mulroney is involved with today have similar reasons for employing him," he told me. "After Mr. Mulroney left office he was looking for clients to generate income that, in my opinion, he badly needed in those days. When I look back, I have to say that I like Brian Mulroney. I liked him from the beginning ... I was introduced to him at the request of Mr. Strauss through Walter Wolf and Michel Cogger at the time that he was president of Iron Ore. From then on I was involved to support his political activities ... Whatever comes, whatever shows up in the public as negative about me coming from Mr




Brian Mulroney, Karlheinz Schreiber, and Helmut Kohl — together in happier days

Mulroney or his circle will not excite me because he has done something that I begged him to do, and that is to support the reunification of Germany. At the time, François Mitterrand and Margaret Thatcher were not in favour. George Bush, James Baker, and Brian Mulroney were the ones who supported the idea of reunification and made it happen with the governments of Mikhail Gorbachev and Helmut Kohl."

Canada and Mulroney played a part in German reunification, although not, perhaps, as significant a role as Schreiber believes. Former president George H. Bush recalls in *A World Transformed* (co-written with Brent Scowcroft) various discussions with the Canadian prime minister on German reunification — an initiative that, with certain reservations, Mulroney supported. When Soviet leader Gorbachev agreed in late September 1989 to negotiate Bush's proposed Open Skies Treaty, Mulroney offered Ottawa as the first site for talks. The Ottawa Conference took place February 12-24, 1990, attended by all member nations of the Warsaw Pact and NATO. Before the participants turned their attention to Open Skies, however, discussions were initially dominated by the German question. On February 13, 1990, the foreign ministers of the Federal Republic of Germany, the German Democratic Republic, the United States, the Soviet Union, Great Britain, and France reached agreement on the start of the "two-plus-four" talks, which culminated in reunification later that year. When Mulroney was examined in Montreal as part

Schreiber hired Mulrone

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WILLIAM KAPLAN
FROM MONDAY'S GLOBE AND MAIL
NOVEMBER 10, 2003 AT 2:02 AM EDT

It was a shocking claim. In the confines of a closed-door Toronto court hearing, one of Canada's better-known lawyers drew a bead on one of Canada's better-known investigative journalists: "A major political enemy of the Right Honourable Brian Mulrone," Edward Greenspan declared, "and she's somehow in bed with the RCMP."

Please see:

- Was journalist RCMP informant?
- 'An abuse of power of the worst kind'
- 'This is not the way you do business in Canada'

Greenspan accused Stevie Cameron of being so out to get the former prime minister, so keen to catch him doing something wrong, that she broke a key tenet of her craft and enlisted as a secret informant to help the police expose him as corrupt.

For two days, Greenspan castigated Cameron in his attempt to have a judge throw out the highly unusual secret warrant that in December, 1999, had allowed the Mounties to spend three days searching the Fort Erie, Ont., offices of Eurocopter Canada.

Greenspan's client, German-born businessman Karlheinz Schreiber, is alleged to have shared in more than \$1-million in improper commissions after the German-based subsidiary's predecessor company sold 12 light helicopters to the Canadian Coast Guard in 1986. Also fighting to keep Schreiber from being extradited to his homeland to face tax-fraud charges, Greenspan wanted the warrant quashed to keep the helicopter allegations from being made public.

If he could show the case against Eurocopter was tainted because the abortive, infamous Airbus investigation from which it stemmed was itself tainted by Cameron's actions, Schreiber might escape unscathed. And by the time Greenspan had finished his argument in court, Cameron's role in the investigation had become an issue.

But what if Mulrone had a business relationship with Schreiber after all, not while he was in office but soon after leaving it?

For years, Cameron tried to establish, in book after book and speech after speech, that Mulrone was, as she almost asserted flat out, "on the take."

But the best she and her famous research binders - crammed with information about Mulrone-government wrongdoing, real and imagined - were able to establish was that some of those around Mulrone had crossed the line. The same has been said of prime ministers before and since.

On Mulrone, Cameron could never prove that he, personally, had done a single improper thing. Even the information she provided to the police, which eventually helped to spark the government's infamous 1995 letter to the Swiss that called the ex-PM a criminal, did not do the trick.

When Mulrone's ensuing defamation suit was settled, the RCMP and the government acknowledged there was no evidence of any unlawful activity on his part.

Whatever had been handed over had caused him huge damage, but fallen short of criminal charges.

However, the RCMP's investigation into the three big projects - Air Canada's purchase of \$1.8-billion worth of Airbus planes, the coast guard's \$27-million worth of helicopters and German-based Thyssen Industries' proposed Bearhead project to build armoured military vehicles in Cape Breton - continued long after Mulrone settled his suit.

"Airbus probe still a top file for RCMP," Robert Fife, the well-connected reporter for the National Post wrote on Dec. 29, 2001. "Thousands of RCMP officers were redeployed after Sept. 11, but not the seven officers and team of forensic accountants assigned to the Airbus investigation. RCMP Corporal Louise Lafrance told the National Post yesterday the Airbus inquiry is one of the 'big investigations' kept intact."

Frank Moores was, Fife reported, far from impressed: "The thing has been going on for almost seven years and I have no idea whatsoever when they'll release my accounts." Unable to earn much of a living since Airbus, Moores wanted access to his money.

But as Fife reported: "The RCMP refuses to discuss details of the case or to explain why Moores's accounts remain frozen. Moores, an Ottawa lobbyist during the Mulrone years in government, said he was completely up-front as soon as the Airbus investigation was leaked to the media in November, 1995.

"He did not resist RCMP demands to obtain his Swiss bank account, and contacted Revenue Canada to settle any outstanding taxes."

This spring, however, the government finally called the whole thing off.

Dated April 22, 2003, the announcement was completely straightforward: "After an exhaustive investigation in Canada and abroad, the RCMP has concluded its investigation into allegations of wrongdoing involving MBB Helicopters, Thyssen and Airbus. In October, 2002, a charge of fraud was brought against Eurocopter Canada Ltd. (formerly MBB Helicopters Canada Ltd.) and two German citizens, Kurt Pfeleiderer and Heinz Pluckthum.

"The RCMP has now concluded that the remaining allegations cannot be substantiated and that no charges will be laid, beyond the charge of fraud already before the courts. A preliminary inquiry in the Eurocopter fraud charge is scheduled to begin Sept. 8, 2003, at Ottawa.

"Today's announcement fulfills a commitment made by former commissioner Phil Murray to announce the results of the Airbus investigation once the RCMP concluded its investigation."

The case had gone on for eight years and cost untold millions, not to mention the \$2-million the government had to reimburse Mulrone for expenses incurred in his \$50-million defamation suit. In the end, only Eurocopter and two MBB officials in Germany were ever charged with anything.

The Germans, Pfeleiderer and Pluckthun, have declined the Canadian invitation to attend the preliminary inquiry. An Interpol arrest warrant for the duo was issued, but as long as they stay in Germany the chances they'll be forced to face charges in Canada are nil. The preliminary is not expected to end until 2005, but with no evidence that Eurocopter's Canadian officials did anything wrong, how the Crown's case can succeed is a bit of a mystery.

Mulrone was informed first that the investigation was over — the RCMP came to see him and hand-delivered the letter from Commissioner Giuliano Zaccardelli. Schreiber and Moores also got a heads up on the notification personally transmitted by the force.

The news for the three was welcome — being told that a criminal investigation is over always is — but many questions remained unanswered. Who knew what in government and when? Was the investigation politically motivated? And where did the all the money go? One thing Cameron did establish was that a lot of money was paid in commissions for various transactions including Airbus and the helicopter sale. We still do not know precisely who got it and for what, and now maybe we never will.

Some loose ends will never be tied up, but others now can, including, most interesting of all, that Mulrone did enter into a commercial relationship with Schreiber after leaving office.

Award-winning National Post reporter Philip Mathias got the story first, nailing it down in late 2000 and early 2001: "Brian Mulrone was paid \$300,000 in cash by German businessman Karlheinz Schreiber, the man at the centre of the Airbus affair, over an 18-month period beginning soon after Mulrone stepped down as prime minister in 1993."

The story made it clear that the payments had nothing to do with Airbus, or any of the other wrongdoing asserted in the 1995 letter of request. The story noted that, at the time the payments were made, Mulrone was re-establishing himself in the private sector and there was no reason not to do business with Schreiber, who was not, at the time, embroiled in the various legal proceedings and political scandals that would soon overtake him.

The Post interviewed Schreiber for the story and quoted him as saying that the business relationship between the two was "normal" and it was not up to him "to report on Brian Mulrone to the Canadian public." The story also pointed out that \$300,000 was not an unusual sum for providing legal and lobbying assistance on big-ticket items.

Mulrone apparently declined to comment for the story, as did his lawyers. However, Mathias did get to speak to a "Mulrone confidant" who told him that "the former prime minister earned the fee in full" by performing services for Schreiber after the fee was paid. The Post was not told the nature of the work or when it was done. Asked why Mulrone had not made this matter public sooner, the confidant replied that Mulrone was fearful of creating a false impression in the middle of what he described as "a witch hunt over the so-called Airbus affair."

Mathias said the amount involved paled in comparison with the millions Mulrone was alleged by the Canadian government and others to have taken as a payoff for Airbus and the other transactions. Mathias also believed, but could not apparently confirm, that the purpose of the retainer was to assist in kick starting the Bearhead vehicle project, in Cape Breton if possible or, if politics demanded it, in the east end of Montreal.

After working on the story for months, Mathias submitted it in early January, 2001, just weeks before his scheduled retirement. It went for legal vetting, was approved and emerged from editorial fairly edited. Mathias waited and waited and waited. Nothing happened.

He began to ask questions and pester. He finally wrote to the proprietors — at that time there were two of them: Conrad Black and the Asper family. Finally, in a letter near the end of March, he complained. He told the owners that Mulrone received the cash beginning soon after he left office in 1993 to return to the private sector and accepted the last payment in December, 1994 — four months before Airbus started coming to light. Why, he asked, was the story not published? It was, he suggested, clearly newsworthy.

A few days later Mathias was summoned to a meeting with senior editorial staff. The meeting did not go well. Why, he was asked repeatedly, was he pursuing the story? There was, he was told, no story. Why, he was asked, had he gone over his bosses' heads?

Discussion then turned to the merits of what he'd written. Mathias took the position that a story about a former prime minister accepting \$300,000 in cash from an international arms merchant was newsworthy. There was further discussion, a line-by-line dissection of the story, more observations on why it wasn't a story, and finally the meeting ended.

That night, Ken Whyte, then the editor-in-chief of the Post, called Mathias at home. He had not been at the meeting but said the views of the editors on the story reflected his own. If there really were something there, it had to be placed in context. Whyte suggested that Mathias contact me, being the author of a book about the whole thing, to do that.

I was contacted and provided a comment, on the condition that it be published in its entirety. It went as follows: "I generally prefer to withhold comment until I have all the facts, but let me make the following observations about what you have told me. First, building a second light armoured vehicle manufacturing facility in Canada — as you know we already had one in London, Ontario — was always predicated on huge infusions of federal cash — hundreds of millions of dollars in either guaranteed orders or infrastructure and other support. It did not matter whether the project was to be located on Cape Breton Island or the east end of Montreal. This fundamental fact — that hundreds of millions of taxpayer dollars was required to fund the initiative, made it uneconomic when Mr. Mulrone was prime minister and none of the underlying economic, political or other factors leading to the rejection of the proposal by Mulrone had changed when Mr. Chrétien became prime minister. Given all of this, what exactly did Schreiber think he could achieve?"

"On this point, you tell me that Mr. Schreiber paid Mr. Mulrone to assist him in this endeavour from some time in the summer of 1993 until December, 1994. While it is conceivable — but for the reasons already given, unlikely — that Mulrone could have helped the project if Kim Campbell was elected prime minister, it is inconceivable that Mr. Chrétien and his Liberals would have been responsive to any initiative spearheaded by Mr. Mulrone and that is why, presumably, Mr. Schreiber retained Marc Lalonde. Why, then, would Mr. Schreiber have paid Mr. Mulrone for anything for services after the fall 1993 election? In other words, how this project could have been advanced with Mr. Mulrone on the payroll after the Liberals got into power is beyond me.

"You tell me that \$300,000 was delivered to Mr. Mulrone in cash. Frankly, this is the strangest part of the story and I would like to know a little more about it as it seems, I must say, improbable. I cannot imagine money being delivered in the sense payments of cash connote. So what exactly is meant by cash? Invoices sent for services delivered compensated by wire transfers? Obviously, a lot of questions are raised by this account and until those questions are answered I am not sure what to make of it. The first thing to do would be to ask the former prime minister for an explanation.

"Finally, and this is the most important thing I have to say. On Airbus, Mulrone was presumed guilty. In fact, he was not guilty of anything. You do not have to believe me about this. The CBC's *fifth estate* said so; Stevie Cameron, Mulrone's nemesis, said so. Judge Alan Gold, who arbitrated the award of legal fees to Mulrone, concluded that he suffered a grievous injustice, and my own study determined that he had nothing to do with Airbus. So whatever implications people might wish to draw from this new account, I would suggest that some caution is in order before jumping to any conclusions."

Mathias continued to press for publication of his story but got nowhere and eventually gave up. The environment for its publication, he reflected years later, was

just not right. In fact, the atmosphere was downright hostile, and so a newsworthy story was relegated to electronic purgatory on the Post's hard drive.

Mathias was a veteran reporter with very good sources. He was the journalist who broke the news that the government of Canada had sent the Swiss a letter calling Mulroney a criminal, and he had been working on different angles of the story ever since. Now he had uncovered one of the biggest scoops of his career and, instead of getting the front-page treatment the story deserved, it was suppressed and he was treated as though he had a communicable disease.

A long career in investigative journalism ended in disgust, and The Post continued its campaign of bemoaning the so-called victimization of Mulroney by the RCMP and others on the one hand, while puffing him on the other, particularly when doing so cast the current Prime Minister in a less positive light.

All the while there was time bomb waiting to go off. The story could not die.

A public-relations catastrophe for Mulroney had been averted, but the respite was only temporary. I had learned of the payments, and I wanted an explanation. If all this were true, my book clearly required a sequel.

Asking for Mulroney's side of the story was the first step. Eventually he explained that Schreiber had paid him the money — though he disputes the amount — for his assistance in promoting a fresh-cooked pasta business Schreiber had started in Canada as well as his international interests.

When he joined Ogilvy Renault, Mulroney made it clear, he asserts, to his future partners that in addition to practising law, he would be a consultant.

His clients' names are confidential and will not, he insisted, be released without their permission. "If," he said, emphasizing the word, clients paid for his services in cash, that would be reflected in the books of the company, all income would be declared and all taxes paid.

Had Mulroney been retained to lobby for Bearhead, at the very least, he would have had to register as a lobbyist, which he did not, and there might have been conflict-of-interest issues, given that he had so recently been prime minister, and hadn't stepped down as a sitting MP until the Oct. 25 election.

So it seems Mathias got that part of the story wrong. According to longtime Mulroney spokesperson Luc Lavoie, the money was paid "to assist Schreiber with his pasta business and to arrange a number of introductions and meetings with international business executives."

Mulroney, Lavoie added, never lobbied for Schreiber and so never had to register as a lobbyist. "All income was declared and all taxes paid."

It was straightforward from the get-go, Lavoie insisted. "The truth is," he said in an interview, "Mulroney never had anything to do with Airbus, he had nothing to do with MBB and he had nothing improper to do with Bearhead. Being hired as an international adviser after he left office was entirely consistent with the practice he was setting out to establish."

Fair enough. For all intents and purposes, Schreiber was a well-connected businessman with interesting projects and plans, and Mulroney could help.

But why was Mulroney never asked any questions about all this back in 1996, when he was examined by government lawyers in Montreal as part of his libel suit? How did they all miss such an obvious line of inquiry?

The examination on discovery, as it is known in Quebec, began on April 17, 1996, and took about a day and a half. Mulroney was asked, and answered, a lot of questions about Schreiber and his involvement with Schreiber's efforts on behalf of Thyssen to build the light armoured vehicles in Cape Breton.

Obviously, any Canadian prime minister would be interested in bringing manufacturing jobs to an area with one of the country's highest unemployment rates. Mulroney was repeatedly asked about it and repeatedly made the point that it was his government that decided not to go ahead with the project. A number of underlying political and economic assumptions just didn't make sense.

Mulroney observed that Schreiber was indefatigable. No matter how many times he was turned down, he would come back with a different twist or spin in order to attract the government's interest. For example, when Ottawa said no to light armoured vehicles, he proposed building "peacekeeping vehicles" for use by Canadian troops and others on United Nations missions. But Canada already had the facility in London, Ont., for building this kind of vehicle, and there was no way Mulroney's government was going to spend the \$100-million or so required to help launch a second one.

Examinations on discovery provide each side in a legal action with fairly wide scope to ask the other side questions in order to prepare for the forthcoming trial. This one provided the government lawyers with an opportunity to put Mulroney's relationship with Schreiber under a microscope. But not once in the hundreds of questions put to the former prime minister, was he ever asked point-blank whether he had taken money from Schreiber.

The central claim made against him in the 1995 letter to the Swiss was that he'd been paid off. Had Mulroney been asked whether he'd taken a bribe, he obviously would have denied it. And there is no evidence that he had. Asking him whether he'd done business with Schreiber was a fairly logical place to start, along with a detailed inspection of every call, every letter, every visit — everything to do with anything that involved the two men.

Yet Mulroney was never asked exactly how many times they had met, in what circumstances and where. The questions related to Bearhead almost exclusively and largely focused on Mulroney's activities while in office. He was asked very little about their relationship after he stopped being PM.

But the topic wasn't avoided completely.

Question: "Did you maintain contact with Schreiber after you ceased being prime minister?"

Answer: "Well, from time to time, not very often. When he was going through Montreal, he would give me a call. We would have a cup of coffee, I think, once or twice. And he told me that he continued to work on his project, that he was pushing a new government. And he told me that the idea of the project at that point was the same project, but the desirability at the time was to work with the provincial Government of Quebec and the federal government, the new federal government, to establish this new project in the east end of Montreal, where the jobs were badly required. And he told me that he had hired Marc Lalonde to represent his interests before the new Liberal government."

"I wasn't really surprised because the word in Ottawa is that Schreiber and Lalonde had had a long relationship in the past. And so he also expressed dismay with me that my government had not agreed or could not include the contract that he liked."

"So, he said that he had hired Lalonde, and he hoped this would give rise to an agreement."

Question: "When he passes through Montreal and visits you, is it at your office or at your home?"

Answer: "Well, he doesn't pass through Montreal and visit me. He comes when he's on his way to Montreal. He called me and asked me, and I say perhaps once or

twice, if I could come to a cup, have a cup of coffee with him at a hotel. I think I had one in the Queen Elizabeth Hotel with him."

Question: "Oh. So it's at his"

Answer: "I had one in the"

Question: "Yeah"

Answer: "..... in the coffee bar of the Queen Elizabeth Hotel."

Mulrone also was asked a number of times about his conversations with Schreiber after Schreiber informed him of the existence of the 1995 letter to Swiss authorities.

Question: "And the Canadian government alleges that very substantial sums were paid to Schreiber by Airbus Industries, and you didn't discuss with Schreiber whether it was true or not?"

Answer: "The document said, among other things, this: 'This investigation is of serious concern to the Government of Canada, as it involves criminal activity on the part of a former prime minister.' This is not an allegation, this is a statement of fact where the Government of Canada is judge, jury and executioner.

"And what preoccupied me — inasmuch as I had never heard of the Airbus matter in my life — what preoccupied me were the extraordinary falsehoods and injustices as they involve me. And I wondered with my family and friends, quite frankly, how in the name of God could this come about? How can something like this actually take place.

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

"I had never had any dealings with him."

This was not quite correct. He had never had any dealings with him on Airbus. He had never had any dealings with him on the helicopter purchase. He had some prime ministerial dealings with him on Bearhead — he turned down the project and a request for federal money. But he had dealings with him while in office and since.

Later in the transcript, this exchange occurred: Question: "Perhaps I misunderstood. When you talked about having coffee with Schreiber at the Queen Elizabeth, it was in the period subsequent to November, 1995?"

Answer: "No, no, it was after I left office in 1993, and that's when he told me, as I indicated to you, that he was dismayed that my government had not allowed him to proceed with his desire to build this Thyssen project.

"And that's when he told me that he had hired Marc Lalonde to represent him because he figured that Lalonde could prevail upon Chrétien and the government to have this done in the east end of Montreal. Which, by the way, had they been able to do it I thought it was a good project, and so I wouldn't have been critical of anything.

"He told me he had hired Lalonde to do that; he told me he was contemplating legal action against my government; that [he] had hired a prominent law firm in Ottawa — I think Ian Scott's law firm, very distinguished lawyer — to take action against the bureaucrats in my government who, he alleged, had frustrated the fact that he was never able to get a deal through. This deal that was the kind of conversation we had.

"He expressed the hope that Lalonde would be successful in persuading the new Liberal government to agree to conditions that would enable him to proceed with the project. That was it."

"That was it."

And yet Mulrone had by then accepted a retainer of some kind from Schreiber. The questions to him were badly framed — and very carefully answered .

An explanation has been offered about why Mulrone was not more forthcoming, given his commercial relationship with Schreiber. Earlier, he had offered to come to Ottawa and to make a complete financial disclosure — income-tax returns, business records, everything — to government and RCMP officials. He was turned down flat. His envoy was advised: We are just beginning our investigation.

Since then, the lawsuit had commenced and many months had passed. Mulrone was now facing at least nine government lawyers and he had no intention of doing their job. He had promised to respond to questions truthfully but did not volunteer any information.

Context is, of course, everything. So too, as Bill Clinton showed the world when he tried to explain what happened with Monica Lewinsky, are meaning and interpretation. But Mulrone did have ample opportunity to come clean about his professional relationship with Schreiber.

Instead, he helped to create the impression that he carefully considered Schreiber's business proposal when he was prime minister — but rejected it after determining it wasn't in the best interest of the Canadian people — and subsequently maintained, at best, a cordial and infrequent acquaintance with Schreiber after he left office. Was it perjury? No. Had he misled the Canadian people? Probably yes. Should he have seized the opportunity to set out the entire story? Absolutely.

There were, Luc Lavoie points out, "nine lawyers sitting there on the government side and not one of them ever asked Mulrone whether he got money from Schreiber."

And what if they'd done so? "If they had," Mulrone told me recently, "I would have answered the question." But not according to Lavoie: "They would have been told that the relationship was privileged."

The government lawyers, Mulrone counsel Jacques Jeansonne explains, had no entitlement to ask Mulrone any questions about this payment, and Jeansonne has a technical explanation about the operation of the rules of civil procedure in Quebec and how those rules, properly applied to this case would have, if a question had been asked, been interpreted to disentitle the government lawyers to an answer.

But a technical defence, even a successful one, would have harmed Mulrone in the court of public opinion. The lawyers examining him may have blown it badly, but didn't he have an obligation, a special obligation as a former prime minister, to make it perfectly clear that he and Schreiber had a commercial relationship? It was, after all, by all accounts a proper commercial relationship. In a recent interview, Schreiber confirmed that he retained Mulrone's services "for totally legal

reasons after he left office."

You have to admire Mulrone's bravado: suing the government for \$50-million to refute a claim that he had been bribed by Schreiber when the two had done business together. Balls of steel. Had the government lawyers learned about it, they might never have settled. It was a very close call.

What is also very surprising about it all — and arguably telling of their legitimacy and Mulrone's innocence — is that Mulrone did not just deny the payments. Doing so, presumably, would have been the easiest course, as there were, by all accounts, no witnesses to the exchanges. Mulrone did admit them because the payments were above board.

Not that Mulrone doesn't have regrets: "If you accumulated all the sorrow over all my life, it does not compare to the agony and anguish I have gone through since I met Schreiber," he says. "I should never have been introduced to him because the people who introduced me to him didn't know him."

Today, at 64, Mulrone looks older and more tired than he should. Clearly he is weary of it all. Having his lawyers at the lengthy secret trial cost him hundreds of thousands of dollars, but at least it was money well spent.

Because, finally, the trial gave him the sustenance for his hunch that Cameron, his long-standing critic, was at least partly responsible for the criminal investigation that could have destroyed him. And now thanks to behind-closed-door proceedings and disclosure of the RCMP briefing notes, he had some pretty compelling evidence.

He insists that, no matter what, everything he has done is "clean as a whistle. I can also tell you that I have declared every cent that I have ever received and I have paid all income tax on all monies owing.

"My affairs have been above board and proper, and I am not concerned about any of the legal implications whatsoever," he says, repeatedly saying that the RCMP investigated thoroughly and "gave me an apology letter." (In reality, the force simply announced the end of its criminal investigation but, again, interpretation is everything.) Most of all, he is adamant that the revelation of the identity of the informant not be overshadowed by any suggestion that he and Schreiber did anything wrong.




"Anyone who says anything about that," he says, "will be in one fuck of a fight."

Postscript: When I finished *Presumed Guilty*, my book about Mulrone and Airbus, I concluded with the words "the investigation is continuing."

Police investigations, like politicians, come and go, but history is always up for re-examination. Not long after the criminal investigation ended, William Thorsell, a former editor of this newspaper, commented: "But concluded the matter is not. Records of other actions now before the courts will eventually be made public, and could contain substantially more information about the origins of this fiasco. A great stain has been made on the administration of justice in the Airbus affair, and history demands that we know much more about how it happened."

We now know a little bit more. A secret trial has been exposed — disturbingly it is not the only case in Canada today being held behind closed doors, keeping vital information from the public — and some of the loose ends have been tied up and some new questions raised. But none of us has the final word. The RCMP may have called it off, but as far as I am concerned, the investigation is still continuing.

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