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Accounts frozen in bribe probe Mulroney plans libel suit over Justice allegations in request for Swiss seizure of records

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Swiss authorities have accepted a Justice Department request to seize any bank records and the contents of any safety-deposit boxes and to freeze any bank accounts that might be held at a Swiss bank by former prime minister Brian Mulroney, long-time Progressive Conservative lobbyist Frank Moores and German-Canadian businessman Karl-Heinz Schreiber.

The former prime minister, who has denied any wrongdoing or that he has any foreign bank accounts, has announced through lawyers that he will file a libel suit today against the federal government and the RCMP for allegedly damaging his reputation by including his name in a request for Swiss assistance in connection with allegations of bribery arising from the \$1.8-billion sale of Airbus Industrie aircraft to Air Canada in 1988. Mr. Moores also has denied any impropriety.

A copy of a seven-page decision from the Swiss Federal Public Prosecutor's Office dated Oct. 26, 1995, and now in the possession of The Globe and Mail, says that the Canadian "request for legal assistance is hereby accepted" and orders a Zurich branch of Swiss Bank Corp. to freeze any and all accounts and seize records, documentation and correspondence pertaining to them.

The bank was ordered to produce all the demanded documentation by Nov. 10, although "a ruling on the opening of the safe-deposit boxes shall be made at a later time." The decision by the public prosecutor's office is essentially the same as a court order in Canada.

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Mr. Mulroney has repeatedly denied allegations, as have Air Canada, Airbus and Mr. Moores, of any impropriety in connection with the sale of 34 A320 aircraft.

In a report published on Saturday in The Financial Post, an "adviser to Brian Mulroney" provided this further denial on behalf of the former prime minister: "Mr. Mulroney states categorically that he does not now have, nor did he ever have directly, or indirectly, a bank account in any foreign country. Furthermore, no one now has, nor did anyone ever have, such an account on his behalf."

The Financial Post published apparent excerpts of the "letters rogatory" sent by Canada to Switzerland on Sept. 29 in which it is alleged there "was a persisting plot/conspiracy by Mr. Mulroney (and others) . . . who defrauded the Canadian government in the amount of millions of dollars."

In addition to the seven-page Swiss prosecutor's letter to Swiss Bank, The Globe is in possession of an unofficial English translation of a summary of the "letters rogatory." The translation, which apparently originated in Zurich, appears to be of a draft and there is no

means of verifying that the official communication between the two governments used the same language.

However, that document seems to be the same as the one quoted from, although not released by, Mr. Mulroney's lawyers when the plan to sue the government and the RCMP was announced.

The lawyers said Mr. Mulroney has no objection to any RCMP investigation. They also said that once the former Progressive Conservative prime minister became aware of the Justice Department request to Switzerland for assistance, Mr. Mulroney's lawyers contacted senior department officials and the RCMP to demand that the damaging allegations that now form the basis for the libel suit be withdrawn and to offer Mr. Mulroney's assistance to investigators.

According to Mr. Mulroney's lawyers, both the Justice Department and the RCMP refused to retract or amend the letter and said its contents would remain confidential.

In the summary of the Justice Department request that is in The Globe's possession, no evidence or affidavits are provided to support allegations that Mr. Mulroney and Mr. Moores, along with Mr. Schreiber, were paid millions of dollars in an influence-peddling conspiracy that resulted in Air Canada choosing a bid by Airbus, based in Toulouse, France, over a rival offer from Boeing Co. of Seattle.

Although Airbus has denied it had any dealings with Mr. Schreiber or Mr. Moores, the aircraft maker, a consortium of French, German, British and Spanish firms, has refused to say whether a third party was paid any fees or commissions in connection with the sale to Air Canada.

Aside from a reiteration of media reports - including the CBC Television program the 5th estate from March, which had the most detailed account of links between Airbus and Mr. Schreiber as well as the claim that Mr. Moores opened two accounts in the same Swiss Bank branch where Mr. Schreiber had one - there is no evidence specified in the RCMP request for assistance that was approved and transmitted by the Justice Department.

Yet the English summary of that request, in the possession of The Globe, says: "The police is in possession of reliable information that Mr. Schreiber got these commissions to pay off Mr. Mulroney and Mr. Moores to make sure that Airbus Industrie could sell the planes."

It also says investigators have "confidential information" that "25 per cent of all amounts were paid to Mr. Mulroney."

The total payoffs in connection with the Airbus deal are alleged to have reached \$20-million.

Through his lawyers, Mr. Mulroney said these are "false and reckless allegations made by the Department of Justice (that) have the effect not only of damaging my reputation and hurting my family, but also of besmirching and distorting the good name of Canada."

Gerald Tremblay, a lawyer for Mr. Mulroney, said that "based on unsubstantiated reports in the media and an unidentified source, the RCMP and the Department of Justice have proceeded to make scurrilous suggestions that are unfounded and that have caused incalculable damage to Mr. Mulroney and his family."

The lawyer said Mr. Mulroney will seek \$50-million - \$25-million for damage to his reputation and \$25-million in punitive damages, which the former prime minister would give to charity.

Justice Minister Alan Rock, deputy minister George Thomson and other officials met yesterday afternoon in the wake of published details about the allegations and the announcement of Mr. Mulroney's decision to sue.

The request being acted on by Swiss authorities also alleges that Mr. Mulroney received payments in connection with the purchase of 12 helicopters for the Canadian Coast Guard from Messerschmitt-Bolkow-Blohm GmbH. MBB had retained Government Consultants International, a lobbying firm headed by Mr. Moores, in connection with the helicopter deal.

"A confidential and reliable person communicated to the police that a part of this amount was paid to Mr. Mulroney," says the English-language translation of the Justice Department request for Swiss assistance.

It also alleges that Thyssen Industries paid money in connection with a government deal to build tanks in Nova Scotia that also was funnelled through Mr. Schreiber's company, Liechtenstein-based International Aircraft Leasing, and suggests that some of those funds also reached Mr. Moore and Mr. Mulroney. That project never went ahead.

"The three above-mentioned cases are proof of a persisting plot/conspiracy by Mr. Mulroney, Mr. Moores and Mr. Schreiber, who defrauded the Canadian government in the amount of millions of dollars during the time when Mr. Mulroney was in office until his resignation in June, 1993," the request says.

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