



# the fifth estate

# MONEY, TRUTH & SPIN

For the first time, dealmaker Karlheinz Schreiber sits down in front of television cameras to answer questions about his secretive past and about his relationship with former Prime Minister Brian Mulroney. Schreiber goes on the record to tell the fifth estate about the \$300,000 the former Prime Minister received from him, where that money came from and the fallout, both public and private, that ensued from it.

While under oath, Brian Mulroney didn't mention he received \$300,000 in cash from Karlheinz Schreiber, when the former Prime Minister was asked about his relationship with the German Canadian businessman after he left office.

The money came from an account code named BRITAN and was set up a month after Mulroney stepped down as Prime Minister. The account received funds from another coded-account owned by Schreiber called "Frankfurt". That money in turn came from a Liechtenstein company called IAL or International Aircraft Leasing. IAL held the proceeds of secret commissions from Airbus Industries.

The BRITAN account was activated on July 26, 1993 when \$500,000 was transferred to it from the Frankfurt account. The next day \$100,000 was withdrawn from it. A second \$100,000 was taken from the account on November 3, 1993. On July 21, 1994 \$50,000 was withdrawn from the BRITAN account. The last withdrawal from the account was also for \$50,000 and came out on November 21, 1994.

Schreiber says he gave Mulroney the money after being approached by former Mulroney Chief of Staff Fred Doucet. According to Schreiber, Doucet told him Mulroney was not financially well-off and needed some help. Schreiber was more than happy to be of assistance.

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**Brian Mulroney's** first major attempt at national power took place in 1976 when he ran for the leadership of the Progressive Conservative Party. His name was put into nomination by then Newfoundland Premier Frank Moores.



In 1982 and early-1983 several close associates of Mulroney's, including Moores, lawyer Michel Cogger and Elmer Mackay, organized a movement to get rid of Tory leader Joe Clark. Also involved in the dump-Clark movement was a new Canadian from Germany named Karlheinz Schreiber.

Schreiber spent thousands of dollars to send newly-minted Tory delegates to the 1983 PC convention in Winnipeg with the mission of voting against Clark in a confidence vote. The anti-Clark delegates kept Clark's approval rating below 70 percent. Clark viewed the percentage as too low and called a leadership convention.

Mulroney became leader of the PC party on June 11th, 1983. On September 4, 1984, he led his party to one of the biggest majority governments in history, winning 211 seats. Mulroney stepped down as Prime Minister on June 25, 1993, but served as an MP until the federal election later that year.

In 1995, Mulroney sued the federal government for \$50 million for libel. He launched the suit after a letter the Department of Justice wrote to Swiss authorities said he, Frank Moores and Karlheinz Schreiber were involved in a criminal conspiracy to defraud the Canadian public. Mulroney, the letter said, had received kickbacks during his time in office related to the sale of Airbus aircrafts, and the RCMP wanted access to Moores and Schreiber's records to help in their investigation. Mulroney and the federal government settled the suit in early January, 1997. Mulroney received an apology from the government and later received an arbitrated judgment for \$2.1 million for fees associated with his lawsuit.

When the RCMP ended its Airbus investigation on April 22, 2003 it said "the RCMP has now concluded that the remaining allegations cannot be substantiated and that no charges will be laid..."

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In 1974, **Karlheinz Schreiber** began traveling to Canada, eventually setting up a company in Alberta. In 1981 Schreiber became a Canadian citizen. Through his connections to people around Bavarian Premier Franz Josef Strauss, Schreiber met Brian Mulroney – then the president of the Iron Ore Company of Canada.



Schreiber liked the young lawyer and was anxious to help him in his quest to become the Prime Minister of Canada. With the knowledge of Strauss, Schreiber funneled an unknown amount of money into the campaign to undermine Joe Clark at the 1983 PC convention in Winnipeg. The funds helped buy tickets for newly minted, anti-Clark delegates to fly to the convention. This influx of anti-Clark delegates kept a confidence vote on Clark's leadership below 70 percent. Clark called for a leadership convention, one that Mulroney would win later that year.

Schreiber increasingly saw opportunities to do business in Canada. In 1985, his company International Aircraft Leasing in Liechtenstein signed a consultancy agreement with Airbus Industries. The agreement stated that Airbus "shall pay (IAL) a fee on the products sold." In this case the products were Airbus airplanes to Air Canada.

Shortly after Mulroney stepped down as Prime Minister, Schreiber was invited to meet him in Harrington Lake, Quebec. A month after that meeting, Schreiber set up a sub-account to one of his Swiss bank accounts, and gave it the code name BRITAN. A day after it was established \$100,000 was debited from it. Schreiber would meet with Mulroney three times between 1993 and 1994 bringing him cash in envelopes totaling \$300,000. Then, on March 28, 1995, the fifth estate broke the story of the secret commissions that went from Airbus to IAL, that paid \$500,000 on every Airbus plane sold to Air Canada.

Then in early November 1995, more legal trouble came Schreiber's way. He learned the Canadian Department of Justice had named him, Brian Mulroney, and Frank Moores in a letter it had sent to the Swiss asking for help in getting access to Schreiber and Moores banking records. The letter accused the three of being involved a criminal conspiracy stemming from Schreiber's business dealings in Canada. Schreiber informed Mulroney of the letter on November 2, 1995 and had a translation of it faxed to the former prime minister.

The existence of the DOJ letter began leaking out shortly after Mulroney got the call from Schreiber. The news finally broke worldwide, when journalist Philip Mathias wrote about the contents of the letter in the November 18, 1995 Financial Post. Mulroney's lawyers announced the same day they were suing the federal government for \$50 million.

There was a lot of speculation about who leaked the letter to Mathias. However, in an interview with CBC, George Wolff, a former correspondent with CTV and a confidante of Schreiber's, says Schreiber told him he had picked Mathias to leak the letter to. Schreiber has denied he was the source of the leak.

Brian Mulroney was questioned about his relationship with Schreiber during his cross-examination for discovery that took place in Montreal on April 17, 1996. Mulroney testified that he only met Schreiber once or twice after leaving office, when the German businessman was traveling through Montreal. He also testified that Schreiber's business dealings were not his principal pre-occupation. "I had never had any dealings with him," said Mulroney.

The government settled the lawsuit with Mulroney on January 5, 1997. On January 9 Ottawa apologized to Schreiber for the wording in the Letter of Request, which, they conceded, made it appear they had already made conclusions about his guilt. Meanwhile, Schreiber, from Switzerland, launched lawsuits to prevent the RCMP from accessing his Swiss bank accounts. Schreiber's world was turned upside down when the German government finally got hold of his bank records. Revelations of secret cash payments to high-ranking officials of the Christian Democratic Union party ignited the Germany's biggest post-war scandal.

With arrest warrants flying in Germany, Schreiber decided to fly out of Switzerland to Toronto. For several months Schreiber lived in a Toronto condo, until the RCMP arrested him on August 31, 1999. After his arrest, Schreiber began a protracted fight against extradition back to Germany to face corruption, tax evasion and bribery charges. After his arrest, through undisclosed sources, CBC's the fifth estate obtained copies of Schreiber's banking records, which revealed a thinly veiled system of coded accounts set up for German and Canadian politicians and businessmen. Among the accounts listed was a cryptic account code-named BRITAN.

In October 1999, a fifth estate producer had several taped phone conversations with Mulroney spokesperson Luc Lavoie about one of Schreiber's bank accounts with a coded name that might lead some to conclude that it had been created for Mulroney. Schreiber was angered by Luc Lavoie's statements to the fifth estate. In the conversations, Lavoie repeatedly stated that Brian Mulroney didn't receive any money from Schreiber. He also confided "Karlheinz Schreiber is the biggest f\*\*\*ing liar the world has ever seen. This is what we believe."

On the night of October 20th, Schreiber watched the fifth estate program, which aired Lavoie's statement calling him a liar. Schreiber was so outraged by Lavoie's statements that he brought a \$300,000 lawsuit against Lavoie. He also decided it was time to tell selected journalists about the \$300,000 in cash payments he made to Mulroney.

Mulroney and Schreiber's secret finally broke when lawyer William Kaplan wrote about the payments in a November 10, 2003 front page story in the Globe and Mail. Schreiber has now been fighting extradition to Germany for six years. His lawyer, Edward Greenspan, made his final plea to Ontario Court of Appeal on December 5, 2005. If he loses the appeal the only thing standing between Schreiber and being sent back to Germany is if the Canadian Supreme Court agrees to hear his case.



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1. Where did Karlheinz Schreiber get his \$20 million from?
2. What happened within days of Prime Minister Mulroney's political retirement on June 25, 1993?
3. In 1995, the RCMP accused Prime Minister Mulroney, Mr. Schreiber, and former Newfoundland Premier Frank Moores of what?
4. How does Prime Minister Mulroney respond to these allegations?
5. Who does former CTV reporter George Wolff say was responsible for the leak of the RCMP investigation to the public?
6. Airbus secretly deposited significant monies to International Aircraft Leasing (IAL) at the same time as Air Canada was purchasing airplanes from Airbus. Who was the holder of IAL's Swiss bank accounts?
7. During Prime Minister's testimony in 1996, what did he declare in no uncertain terms?
8. In 1999, various authors and Conservative MPs in the House of Commons were all supporting whom?
9. At that same time, who was arrested for various financial crimes in Toronto?
10. Prime Minister Mulroney's public relations man, Luc Lavoie, reveals some fairly compromising information in a phone call to whom?
11. One day later, Prime Minister Mulroney starts requesting what from Schreiber?
12. When it was obvious that that was not going to happen, what does Lavoie start to do – to the amazement of his one-time friend?
13. According to Schreiber, what was "both simple and stupid"?
14. Trace the origin and path of the \$300 000 given to Prime Minister Mulroney!