

Name: Alert ID: TMML2024034017629 OTTAWA – A two-year inquiry into Brian Mulroney's dealings with German-Canadian arms lobbyist Karlheinz Schreiber has concluded that the former prime minister acted in an "inappropriate" way when he accepted large amounts of cash from Schreiber. The report by Justice Jeffrey Oliphant said Mulroney "failed to live up to the standard of conduct that he himself adopted in the 1985 ethics code." The judge said he could not accept Mulroney's testimony that his acceptance of at least \$225,000 in cash was an error in judgment. Rather, it was an attempt to hide the transactions, Oliphant said. "The reason Mr. Schreiber made the payments in cash and Mr. Mulroney accepted them in cash was that both wanted to conceal the fact that the transactions had occurred between them," the judge said in a summary read to the media. "Something was amiss," Oliphant said. "These dealings do not reflect the highest standards of conduct, nor do they represent conduct that is so scrupulous it will bear the closest public scrutiny." If the dealings were appropriate, there would have been a contract, an exchange of letters or some documentation confirming the agreement, the judge said. "Why, then, was there a need for such secrecy? The answer is that Mr. Mulroney wanted to conceal the fact that he had received money from Mr. Schreiber." However, Oliphant rejected Schreiber's testimony that the lobbying agreement between the two men was made while Mulroney was still prime minister in 1993. He said he was unable to determine whether Mulroney's statement that he received \$225,000 from Schreiber was true or whether, as Schreiber testified, the amount was \$300,000. During the hearings, Mulroney said he took the money to lobby international leaders for the sale of light-armoured vehicles on behalf of Schreiber. But Oliphant expressed skepticism about Mulroney's explanation, saying "for different reasons, none of the people to whom Mr. Mulroney says he spoke were available" to Oliphant commission of inquiry. "I am not able to find that any services were ever provided by Mr. Mulroney for the monies paid to him by Mr. Schreiber." Oliphant noted that Mulroney accepted "cash-stuffed envelopes from Mr. Schreiber on three separate occasions," did not make a record of the payments, did not deposit the money in a bank or disclose the payments when given an opportunity to do so later. The judge said that this "goes a long way" to "supporting my position that the financial dealings between Mr. Schreiber and Mr. Mulroney were inappropriate." Oliphant also criticized Mulroney's statements in 1996 during proceedings in his \$50-million lawsuit against the federal government, in which he claimed damages arising from Ottawa's inquiry about Mulroney's financial holdings to the Swiss government. Speaking under oath in that case, Mulroney did not explain his dealings with Schreiber because, the former prime minister later explained, he was not asked specifically about those dealings. Instead, Mulroney said that he had seen Schreiber a couple of times for a "cup of coffee." Saying that the former prime minister did not "disclose the true state of affairs," Oliphant said, "I find that Mr. Mulroney acted inappropriately in failing to disclose his dealings with Mr. Schreiber and the payments he received when he gave evidences" in the Airbus lawsuit. Mulroney received a \$2.1-million settlement from the federal government in that lawsuit, but former Liberal cabinet ministers have said they would not have made the settlement had they known at the time of Mulroney's financial link to Schreiber. In Question Period Monday, Liberal MP Siobhan Coady (St. John's South - Mount Pearl) asked whether Ottawa would press for the return of the \$2.1 million, given Oliphant's findings. Justice Minister Rob Nicholson said only that the government would review the inquiry's recommendations. The inquiry arose from a 2007 allegation by Schreiber that he paid a large sum of money to Mulroney as part of a lobbying deal the two men reached shortly before the Progressive Conservative politician left 24 Sussex in 1993. Schreiber said it was \$300,000 but Mulroney later said he took \$225,000 in cash. Mulroney also disputed the timing, saying the two men met shortly before he stepped down as prime minister but no agreement was reached until later. Schreiber's allegations sparked national attention, prompting Mulroney to call for hearings to clear the air. Harper agreed and announced on November 14, 2007, that University of Waterloo President David Johnston would develop a mandate for a public inquiry. Based on Johnston's recommendations, Harper established the Oliphant commission, which held public hearings in 2009. Oliphant's report was due Dec. 31, but, citing the 150,000 pages of documents received at the inquiry, Oliphant asked for an extension until today. Oliphant was asked to delve into the circumstances surrounding Schreiber's payments to Mulroney, including when they were made, what was the source of the cash, what services—if any—were rendered in return for the money and what happened to the cash after Mulroney received it. The judge was also ordered to examine whether ethical rules or guidelines for MPs or

former cabinet ministers were broken by Mulroney. Estimates of the cost of the inquiry have reached \$16 million—including \$1.8 million for Mulroney's lawyers. Mulroney and Schreiber both testified at the Oliphant inquiry last year; Schreiber was extradited to Germany shortly after the hearings wrapped up. German authorities had been seeking his extradition for 10 years on charges of fraud and bribery in relation to a 1999 corporate bribery scandal that shook the country's political foundations. Earlier this month, Schreiber was sentenced by a German court to eight years in prison for tax evasion. Before Oliphant was appointed, Mulroney gave testimony on his dealings with Schreiber at a House of Commons committee. After the parliamentary hearings, Mulroney changed his mind about having a commission of inquiry, saying it was no longer necessary. But Harper went ahead anyway with the Oliphant commission. A source close to the former prime minister said last week that he just wants to put the entire Schreiber affair behind him as soon as possible. "The absolute need from Mr. Mulroney's and his family's point of view at this stage is that this closes the door, that it is the end of the story and life continues in a different frame the day after," the source said.