

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

KARLHEINZ SCHREIBER

Plaintiff

- and -

BRIAN MULRONEY

Defendant

SUPPLEMENTARY RESPONDING MOTION RECORD

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Court File No. 07-CV-329949PD3

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AFFIDAVIT OF KARLHEINZ SCHREIBER

I, **KARLHEINZ SCHREIBER**, of the City of Toronto and of Ottawa in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am the plaintiff in the above noted matter and have personal knowledge of the matters set out in this Affidavit, except to the extent such matters are based upon information and belief, in which case I have stated the source of my information and believe such matters to be true.
2. The first contact I had with Mr. Mulroney was in the early 1980's after I became a landed immigrant in Canada, which was on September 2, 1978. It was Mr. Frank Moores who introduced me to Mr. Mulroney.
3. I had several meetings with Mr. Mulroney at the Ritz Carleton hotel in Montreal all taking place before Mr. Mulroney became the leader of the Progressive Conservative party in 1983.

4. Needless to say during my many meetings with Mr. Mulroney in the early 1980's neither the cash payments made by me to Mr. Mulroney nor the agreement (the "Agreement") made between Mr. Mulroney and I, as referred to in the statement of claim, were discussed, or even contemplated at that time.
5. The Agreement giving rise to this action was not entered into until some 10 years after my first dealings with Mr. Mulroney.
6. My first official meeting with Mr. Mulroney was in late 1983 (when Mr. Mulroney had become the Leader of the Conservative Party and was the Leader of the Opposition) when I introduced Mr. Max Strauss to Mr. Mulroney.
7. Having received very encouraging assistance from the Government of Canada in Ottawa and the Government of the Province of Nova Scotia in Halifax to bring a significant manufacturing plant to Cape Breton and in order to establish a corporate presence in Canada for Thyssen Industrie Aktiengesellschaft, one of the largest industrial concerns in Europe, Bear Head Industries Limited ("Bear Head Industries") was incorporated on November 6, 1985 with an office in Ottawa. Attached hereto as **Exhibit "1"** is a copy of my Bear Head Industries business card and a Province of Ontario, Ministry of Consumer and Business Services, corporate profile report for Bear Head Industries.
8. Finally, after considerable efforts, we managed to secure an agreement with the Province of Nova Scotia and an "Understanding in Principle" with the Government of Canada, which was signed September, 27, 1988 and which confirmed that the Government of Canada was interested in expanding the industrial development of Cape Breton and that Bear Head Industries was prepared to establish a heavy industry manufacturing facility for the production of light armoured defence products, to create at least 500 full time jobs and to commit an initial capital investment of \$58 Million and the transfer of significant

manufacturing know how by its parent company Thyssen Industrie Aktiengesellschaft (the "Bear Head Project").

9. The Understanding in Principle was signed by three Ministers of the Government of Canada and by me as Chairman of Bear Head Industries on September 27, 1988, a copy of which is attached hereto as **Exhibit "2"**.
10. A year later I received a letter dated September 18, 1989 from Mr. Mulroney who by then had been Prime Minister of Canada for over 5 years, in which Mr. Mulroney confirmed not only that we had met on previous occasions, that we had been writing letters to one another, but also that he had sent a telegram to me back in 1982 when I received my Canadian citizenship, which telegram I received on or about February 3, 1982, a copy of which letter is attached hereto as **Exhibit "3"**.
11. On one occasion Mr. Mulroney, The Honourable Elmer MacKay, at that time Minister of Public Works and Mister for the Atlantic Canada Opportunities Agency Act, and I met for a breakfast meeting at 24 Sussex Drive, Ottawa, Ontario.
12. On April 10, 1991, at a meeting arranged by Mr. Fred Doucet at the request of Mr. Mulroney, I had the pleasure of meeting Mr. Mulroney, Mr. Doucet and Mr. Paul Tellier, who at the time was the Clerk of the Privy Council, and who was also involved with the Bear Head Project.
13. Then on June 13, 1991 I met Mr. Mulroney in Bonn, Germany at a luncheon hosted by the Government of Germany in honor of Canada's role and in particular Mr. Mulroney's efforts in bringing about the reunification of Germany on October 3, 1990 and also at a reception that same evening hosted by the Government of Canada.

14. Almost a year later on May 22, 1992 I wrote another letter to Mr. Mulroney, a copy of which letter is attached hereto as **Exhibit "4"**, which confirmed our ongoing efforts and certain meetings towards making the Bear Head Project a success and that at that time it was still my understanding that the Government of Canada was supportive of locating production facilities for light armoured vehicles in Nova Scotia and possibly even certain parts in Quebec.
15. On June 23, 1993 Mr. Doucet, at the request of Mr. Mulroney, arranged a meeting between me and Mr. Mulroney which took place on June 23, 1993, at Harrington Lake, the official summer residence of the Prime Minister (the "Harrington Lake Meeting"). It was at this meeting that Mr. Mulroney and I entered into the Agreement. On June 23, 1993 Mr. Mulroney was still in office as Prime Minister of Canada and consequently resided at 24 Sussex Drive, Ottawa, Ontario.
16. One of the terms of the Agreement which Mr. Mulroney and I agreed to on June 23, 1993 was that Mr. Mulroney would perform certain services on my behalf. Mr. Mulroney undertook to support my efforts in obtaining approval of the establishment of a production facility for light armoured vehicles by Bear Head Industries Limited, and we discussed that if matters got difficult in the Province of Nova Scotia, then Mr. Mulroney would assist in moving parts of the project to the Province of Quebec (the "Bear Head Quebec Project").
17. At the Harrington Lake Meeting Mr. Mulroney told me that in his opinion The Honorable Kim Campbell, would win a majority government in the next election, which would enable him (Mr. Mulroney) to accomplish much on my behalf.

18. During our meeting Mr. Mulroney, as a token of his appreciation of our friendship that had developed over the years, proudly promised that he would send to me a copy of his official picture which would be placed in the House of Commons. Shortly after the Harrington Lake Meeting I received, as promised by Mr. Mulroney, the picture with Mr. Mulroney's hand written note: "For my friend, Karlheinz with gratitude and best personal regards" and which he signed "Brian Mulroney". A copy of said picture is attached hereto as **Exhibit "5"**.
19. I then proceeded to make arrangements for certain cash funds to be paid to Mr. Mulroney as an advance for his services as had been agreed by us during the Harrington Lake Meeting.
20. I gave the first cash payment in the amount of \$100,000 to Mr. Mulroney on or about August 27, 1993 when I met Mr. Mulroney at the Mirabel Airport on my way from Ottawa to Germany.
21. I delivered a second cash payment, also in the amount of \$100,000, to Mr. Mulroney on or about December 18, 1993 when I met Mr. Mulroney at the Queen Elizabeth Hotel in Montreal.
22. Mr. Mulroney honored me again on the occasion of my sixtieth birthday when he sent to me a letter dated March 25th, 1994 in which he expressed his very good wishes and best personal regards, a copy of which letter is attached hereto as **Exhibit "6"**.
23. And finally some 18 months after the Harrington Lake Meeting I met with Mr. Mulroney on December 8, 1994 in New York at the Pierre Hotel and delivered to Mr. Mulroney a third cash payment also in the amount of \$100,000.
24. I made this third payment, even though, at the time that I made this third payment, it was clear that it was practically impossible for Mr. Mulroney to become involved in the Bear

Head Quebec Project (after Mr. Mulroney announced his retirement, The Honourable Kim Campbell, then Leader of the Conservative Party, became the Prime Minister of Canada and called an election in October 1993 but lost and The Right Honourable Jean Chrétien became Prime Minister on October 25, 1993) because Mr. Mulroney and I agreed that Mr. Mulroney would continue to be available to assist me in my other business endeavours.

25. In his testimony before the District Court of Montreal on April 17, 1996 Mr. Mulroney confirmed that he had not just had numerous meetings with me going back as early as the 1980's, including meetings in his office in Ottawa, but also that we had ongoing business dealings. Attached hereto as **Exhibit "7"** is a copy of parts of the transcript of the testimony of Mr. Mulroney (see Questions 192, 228, 241, 425 and 432).
26. In spite of all the difficulties that Mr. Mulroney and I encountered in 1995 and 1996 I did not lose confidence in Mr. Mulroney and was relieved when I received a letter from the Government of Canada dated January 9, 1997 signed by The Honourable Allan Rock, then Minister of Justice & Attorney General of Canada and Mr. Philip Murray, Commissioner, RCMP which contained a "full apology" and acknowledged that "some of the language contained in the Request of Assistance indicates, wrongly, that the RCMP had reached conclusions that you had engaged in criminal activity", a copy of which letter is attached hereto as **Exhibit "8"**.
27. Then at the request of Mr. Mulroney I agreed to meet him on or about February 2, 1998 at the Hotel Savoy in Zürich, Switzerland (the "Savoy Meeting"). During the Savoy Meeting Mr. Mulroney and I discussed Mr. Mulroney's personal concerns regarding evidence of any payments made to him. I informed Mr. Mulroney about statements made by Mr. Frank Moores and Mr. Gary Ouelett regarding The Government Business Consulting Group Incorporated ("GCI") business affairs and the earlier request made by Mr. Fred Doucet to transfer funds from GCI to Mr. Mulroney's lawyer in Geneva related to the Airbus deal. The Ontario corporate profile report for GCI is attached as **Exhibit "9"**.

28. During the Savoy Meeting Mr. Mulroney and I also discussed how we could move forward with various business matters in the future which included Mr. Mulroney's support of the business activities of Spaghetissimo North America Inc. ("Spaghetissimo") and the potential for Archer Daniels Midland Company to get involved in this new business venture. The Ontario corporate profile report for Spaghetissimo North America Inc. is attached as **Exhibit "10"**.
29. Several months before the Savoy Meeting my lawyer Mr. Robert Hladun, Q.C. to the best of his recollection had received a telephone message (the "Tremblay Message") to call Mr. Gerald Tremblay, a lawyer acting for Mr. Mulroney, on October 17, 1997 regarding a letter Mr. Tremblay wanted to send to the CBC in connection with the Airbus Affair.
30. Two years after the Tremblay Message (almost 20 months after the Savoy Meeting), Mr. Hladun to the best of his recollection received two calls from Mr. Mulroney on October 17, 1999 during which Mr. Mulroney repeated to Mr. Hladun a similar request as made on prior occasions all to the effect that I provide in an affidavit assurances that "at no time did Brian Mulroney solicit or receive compensation of any kind from Schreiber".
31. On January 10, 2000 Mr. Edward Greenspan, Q.C., my lawyer representing me in my extradition case, requested that Mr. Hladun confirm his recollection of the above mentioned calls in connection with this request from Mr. Mulroney. A copy of Mr. Hladun's responding letter to Mr. Greenspan's inquiry dated January 26, 2000 is attached hereto as **Exhibit "11"**.
32. Following our a meeting during Christmas 1999 with the family of Mr. Doucet during which I told Mr. Doucet that I would not commit perjury I met again with Mr. Doucet at his request in early 2000 in Ottawa. At that meeting, Mr. Doucet presented to me a draft

document that Mr. Mulroney requested I sign in order to confirm the terms of our Agreement. A draft of said document is attached hereto as **Exhibit "12"**.

33. On May 23, 2000 I met Mr. Mulroney at a black tie dinner function at the Royal York Hotel, Toronto (the "Royal York Meeting") hosted by the Canadian Council for International Business and asked Mr. Mulroney for a private meeting to discuss our business relations and Mr. Mulroney agreed that we should meet and promised to arrange a meeting after his return from Florida.
34. Not only did Mr. Mulroney and I have many meetings with one another, exchanged correspondence and telephone calls with one another, and attended fund raising dinners together, starting as early as 1985 and continuing until the Royal York Meeting, but as already mentioned we also had considerable dealings with one another through intermediaries before and after the Royal York Meeting.
35. Reto's Restaurant Systems International Inc. ("Reto's") was incorporated on June 26, 2001 with its head office in Toronto and another office in Ottawa. Reto's continued the business activities of Spaghetissimo and in late 2002 we were working on the opening of the first pasta franchise store under the trade mark "Reto and The Machine Bistro Bar" in Toronto. Attached hereto as **Exhibit "13"** is a copy of my Reto's business card and an Ontario corporate profile report for Reto's.
36. At this time I approached Mr. Mulroney to assist in obtaining private or government commitments towards the expansion of the Reto pasta manufacturing process and Reto pasta franchises (the "Reto Pasta Business") in Ontario and across Canada.
37. In a letter dated July 19, 2004 addressed to Mr. William Kaplan, author of two books about Mr. Mulroney, Mr. Pat MacAdam confirmed that after reviewing his correspondence and emails he found that I had "hired Mulroney to sell Bearhead armoured vehicles to

China"... and that "Schreiber also engaged Mulroney to explore the sale of pasta machines...". A copy of this letter is attached hereto as **Exhibit "14"**.

38. At the special request of Mr. Mulroney I wrote a letter to him on July 20, 2006 suggesting to Mr. Mulroney that the public rhetoric regarding the sale of Airbus planes by Airbus Industries G.I.E. (the "Airbus Affair") and the conspiracy against me personally amounted to the largest political scandal in the history of Canada, and that Mr. Mulroney and I must expose the people behind the scandal around the Airbus Affair, a copy of which letter is attached hereto as **Exhibit "15"**.
39. I wrote the July 20, 2006 letter at the request of Mr. Mulroney because he told me that he was going to meet with The Right Honourable Stephen Harper, the current Prime Minister of Canada, by the end of July, 2006 at Harrington Lake, and that he (Mr. Mulroney) was going to show to Mr. Harper a copy of Exhibit 15 to show that he and I were on good terms.
40. There was no apparent follow up by Mr. Mulroney to my July 20, 2006 letter and therefore I wrote a letter on January 29, 2007 advising Mr. Mulroney that I was still counting on his support to engage the Government of Canada to commence a public inquiry into the Airbus Affair and how the Airbus Affair triggered my extradition case, a copy of which letter is attached hereto as **Exhibit "16"**.
41. Finally, on February 20, 2007, having realized that Mr. Mulroney no longer intended to fulfill his part of the Agreement (Mr. Mulroney had denied to meet with Mr. MacKay and Mr. Michael Cochrane to discuss the Reto Pasta Business and in particular the pasta obesity fighting program for children, which is described in the George Brown College Reto Pasta Demonstration Project (the "Reto Pasta Demonstration Project"), a copy of which is attached hereto as **Exhibit "17"**), I sent a letter to Mr. Mulroney dated February 20, 2007

demanding the repayment of the cash payments totaling \$300,000 plus interest, a copy of which letter is attached hereto as **Exhibit "18"**.

42. Since Mr. Mulroney did not respond I instructed my lawyer Mr. Richard Anka, Q.C. to send a demand letter for the recovery of the moneys owing to me in the amount of \$300,000 plus interest. A copy of Mr. Anka's letter dated March 14, 2007 is attached hereto as **Exhibit "19"**.
43. The reply to this letter was written on March 20, 2007 by Mr. Kenneth Prehogan of Weir Foulds LLP, who confirmed that he represented Mr. Mulroney and that he had received a copy of Mr. Anka's letter and that Mr. Mulroney denied "that he owes any money to me" and that his firm had "instructions to accept service" of Mr. Anka's initiating process on Mr. Mulroney's behalf, a copy of which letter is attached hereto as **Exhibit "20"**.
44. Since Mr. Mulroney never provided the services as promised, nor did he return the \$300,000.00 and even though our Agreement contemplated that Mr. Mulroney provide certain services relating to the Bear Head Quebec Project and when it became clear that the Bear Head Quebec Project could not succeed Mr. Mulroney did not return the \$300,000.00 plus interest, but instead we agreed that Mr. Mulroney would perform other services in Ontario and elsewhere all relating to companies and persons doing business and residing in Ontario, I instructed Mr. Anka to commence an action in Ontario.
45. Not only was the Agreement formed by two Ontario residents but I believe that the Agreement was breached by Mr. Mulroney in Ontario. Furthermore, I have suffered damages in Ontario as a result of Mulroney's failure to repay me.
46. The statement of claim was issued on March 22, 2007 and Mr. Anka sent a letter to Mr. Prehogan on March 22, 2007 enclosing two copies of the statement of claim as issued and filed with the court requesting that Mr. Prehogan endorse acceptance of service on the back

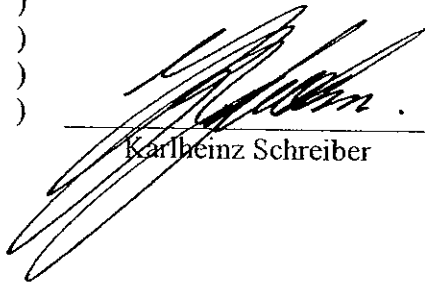
page and return one original to Mr. Anka at his earliest convenience, a copy of which letter is attached hereto as **Exhibit "21"**.

47. On March 26, 2007 Mr. Prehogan wrote a letter to Mr. Anka wherein he acknowledged receipt of the statement of claim, however Mr. Prehogan declined to accept service. Instead Mr. Prehogan confirmed that he will assist in arranging for personal service on Mr. Mulroney in Quebec, a copy of which letter is attached as **Exhibit "22"**.
48. As a courtesy to Mr. Mulroney I sent a personal reminder letter on April 14, 2007 to Mr. Mulroney, a copy of which letter is attached hereto as **Exhibit "23"**.
49. Nevertheless, not only had Mr. Prehogan resiled from his earlier agreement to accept service on behalf of Mr. Mulroney, but then once Mr. Mulroney was personally served on April 20, 2007 with the statement of claim, as amended, Mr. Prehogan filed a notice of motion to dismiss this action for lack of jurisdiction returnable on July 17, 2007 which he never set down for a hearing for reasons I have never clearly understood. It is my honest belief that Mr. Mulroney and his legal team have been engaged in delaying tactics in this action in the hope that I would be extradited to Germany and less able to pursue my action with any measure of dispatch or diligence.
50. I am informed by counsel, and believe, that the statute of limitations in the Province of Quebec is three (3) years. Depending on when a court finds my cause of action against Mr. Mulroney to have arisen, this has the potential to deprive me of my cause of action, if I am compelled to bring this action in the Province of Quebec instead of Ontario.

51. I swear this affidavit in relation to a Motion brought by Mr. Mulroney for an order dismissing this action for lack of jurisdiction and for no other or improper purpose.

SWORN before me at the City)
of Toronto, in the Province of)
Ontario, this 7th day of November, 2007)


_____)
Notary Public)


_____)
Karlheinz Schreiber)

