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Two high-level memos allege Beijing covertly funded Canadian election candidates



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By Sam Cooper • Global News

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2:51

Pressure on Trudeau for answers to foreign interference claims

Justin Trudeau said he was never briefed on the issue, and his security adviser has dismissed it out of hand, but two high-level national security reports before and after the 2019 election suggest they were warned that Chinese government officials were funnelling money to Canadian political candidates.

The two intelligence reports, from 2019 and 2022, raise questions about what senior federal officials knew about the alleged funding by a foreign interference network and how seriously the Trudeau government took the warnings.

One is a "Special Report" prepared by the Privy Council Office for the Trudeau government and was date-stamped January 2022. The memo was also finalized, suggesting it was intended to be read by Trudeau and his senior aides.

Reviewed by Global News, it asserted that Chinese officials in Toronto had disbursed money into a covert network tasked to interfere in Canada's 2019 election.

"A large clandestine transfer of funds earmarked for the federal election from the PRC Consulate in Toronto was transferred to an elected provincial government official via a staff member of a 2019 federal candidate," the PCO report stated.

6:26

Trudeau says national security reports on foreign election interference were available to MPs

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This document was derived from 100 Canadian Security Intelligence Service reports and was produced by the Intelligence Assessment Secretariat. The IAS is a division of the PCO that regularly provides national security alerts for Prime Minister Justin Trudeau and his cabinet.

A national security official explaining this report to Global News said the finalized memo was about intelligence gleaned from an ongoing, high-level probe in the Greater Toronto Area launched in January 2019.

Global News granted Intelligence sources anonymity, which they requested because they risk prosecution under the Security of Information Act.

Intelligence sources say the provincial official named in connection with the alleged clandestine transfer from the Toronto consulate is a member of Ontario's legislature.

Asked to confirm whether CSIS director David Vigneault has briefed Trudeau or his staff and cabinet on the covert-funding allegations, a CSIS spokesman said, "There are important limits to what I can publicly discuss given the need to protect sensitive activities, techniques, methods, and sources of intelligence."

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"Regarding specific briefings on foreign interference, during committee proceedings last week, Director Vigneault committed to working with Privy Council Office on a consolidated response to parliamentarians," CSIS spokesman Eric Balsam wrote.

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2:81

China warns of conflict unless U.S. changes course

Global News also learned of an earlier, high-level warning about clandestine funding of China's "preferred candidates" that came from a bipartisan panel of parliamentarians two months before the 2019 election.

The information came from Canada's National Security and Intelligence Committee of Parliamentarians, which reviews national security matters and promotes "government-wide accountability."

Established by Trudeau in 2017, it reports to the Prime Minister.

This is the same panel Trudeau appointed Monday with the mandate to look into allegations of Chinese election interference that Global first reported in November.

However, Trudeau's tasking of NSICOP and a "special rapporteur" did not address growing calls from national security experts who recommended a public inquiry to investigate the allegations.

The 2019 NSICOP review on foreign interference alleges that "foreign states clandestinely direct contributions to," Canadian politicians.

Under the subtitle, "Targeting the Political Nomination Process and Preferred Candidates," the report says that "targeting often begins during the nomination process."

After the nomination process, the review continues, "foreign states clandestinely direct contributions to and support for the campaigns and political parties of preferred candidates."

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While the document did not examine specific interference activities directed at the 2019 federal election, it offered several examples of alleged Chinese election interference from 2015 to 2018 that involved the targeting and funding of candidates.

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"A [People's Republic of China] Embassy interlocutor founded a group of community leaders called the 'tea party' to hand-pick candidates that it would support and ultimately publicly endorse," it says.

It added that a "former PRC Commercial Consul informed PRC businesses of the rules regarding Canadian political contributions and 'urged particular business leaders to donate through Canadian subsidiaries and acquisitions.'"

Global News has examined an unredacted copy of the NSICOP review, which has not been made public.

As part of its mandate, NSICOP undertook a special review of the threat facing Canada from foreign interference and Ottawa's response to it, according to its chair, MP David McGuinty.

"The Committee heard testimony from dozens of officials from the Canadian security and intelligence community, reviewed thousands of pages of documentation, both classified and open source, and deliberated at great length," read a March 2020 statement from McGuinty, adding that the resulting reports "were submitted to the Prime Minister on August 30, 2019."

While the Prime Minister's Office confirmed to Global News on Feb. 7 that Trudeau received and reviewed the NSICOP document, spokeswoman Alison Murphy gave a blanket denial Tuesday that he was aware of Beijing directing funds to political candidates.

"As the Prime Minister stated last fall, we have no information on any federal candidates receiving money from China," Murphy stated.

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In November, Global News first reported on intelligence from the January 2022 "Special Report," which revealed allegations of a sophisticated election interference network orchestrated by the Chinese consulate in Toronto to interfere in the October 2019 contest.

The group allegedly involved at least 11 candidates and 13 or more aides. Sources also said an Ontario MPP played a role and that the group included Liberals and Conservatives who were both witting and unwitting participants.

In the same story, Global News also reported that this "clandestine transfer of funds" allegedly involved the consulate using a regime-friendly group to act as an intermediary to disburse about \$250,000 to the staff member of a 2019 federal candidate, according to sources. The aide then allegedly transferred the funds to alleged network members.

At the time, Global's sources said the January 2022 briefs did not mention the alleged clandestine methods of the network or the amount of money involved.

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When asked in December if Global News got anything wrong in its earlier reporting, Trudeau denied knowledge of the alleged Chinese disbursements: "I never got in all the briefings and all the serious briefings I got, I never got briefings on candidates receiving money from China."

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When appearing before the National Defence committee late last year, Trudeau's national security and intelligence adviser, Jody Thomas, was asked about the alleged funding of candidates by China.

"The news stories that you have read about interference are just that — news stories," Thomas said in December. "I'll just say it — we've not seen money going to 11 candidates, period."

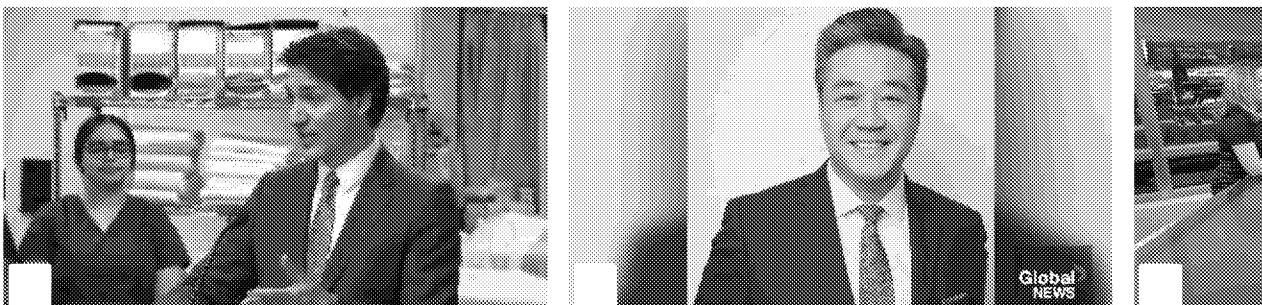
Last Thursday, MP Michael Cooper followed up on that specific comment at a Parliamentary committee on Foreign Interference at which Thomas appeared.

"You said no money was exchanged during the 2019 election, and we have not seen any money going to 11 candidates, period," Cooper said. "Can you confirm that those were your words?"

"I can't confirm that was my exact quote," she said. "But the connection that was being made between 11 candidates and \$250,000 is inaccurate."

2:58

Canadian national security agencies have dealt with foreign interference 'for a very, very long time'



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"Ms. Thomas will not comment on information that was inappropriately obtained," Privy Council Office spokesman Stéphane Shank ^{LIGHT} said in response to Global's questions about her testimony and her knowledge of the January 2022 "Special Report."

Shank pointed to Thomas' testimony in December, "during which the NSIA said, 'we have not seen money going to 11 candidates.'"

The 2019 NSICOP memo review and the 2022 PCO Special Report aren't the only high-level warnings prepared for the Prime Minister's office warning of foreign funding schemes.

As Global reported in December, a PCO memo delivered to the PMO four months after the 2019 election alleged that China was covertly transferring money to preferred candidates.

"Community leaders facilitate the clandestine transfer of funds and recruit potential targets," it said.

Beijing's "extensive network of quasi-official and local community and interest groups allow it to obfuscate communication and the flow of funds between Canadian targets and Chinese officials."

Also, according to the document, community leaders and "co-opted" political staffers "under broad guidance" from the Toronto consulate served as intermediaries between Chinese officials and the politicians Beijing was seeking to influence.

The outcome of these operations, the document says, is that "staff of targeted politicians provide advice on China-related issues" to the Chinese consulate.

The document added that other network operators handle financing and attempt to recruit Canadian politicians.

It also warned that influence operations such as these were "likely to be more persistent and pervasive in future elections."

To date, former public safety minister Bill Blair is the only senior Liberal government official to acknowledge receiving the February 2020 PCO memo.

Blair, now Emergency Preparedness minister, acknowledged receiving "certain information" from the 2020 memo but declined to elaborate. "I'm not able to share the details of that," said Blair, the only minister to acknowledge it.

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At last week's parliamentary hearing on foreign interference, Thomas confirmed that since January 2022, Trudeau and some of his cabinet had received numerous briefs and memos on Chinese election interference schemes in 2019 and 2021.

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When asked whether Trudeau was briefed on the February 2020 Privy Council Office memo, Thomas said she believed a number of Trudeau's members would have received this memo, but she did not answer whether the Prime Minister would have.

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Government officials have long insisted that foreign interference did not compromise the overall integrity of the 2019 and 2021 elections.

Last week, CSIS director Vigneault agreed with this assessment but suggested that Canada create a registry that tracks foreign agents engaging in political activity to mitigate election interference.

On Monday, Trudeau reiterated an earlier promise that the government would start consultations on starting such a registry.

In the meantime, the January 2022 PCO "Special Report" warns that China's attacks on Canadian democratic institutions are much broader than interference in the 2019 and 2021 elections.

"We assess that Canada remains highly vulnerable to Chinese foreign interference efforts," the 2022 PCO document asserts. "We base this judgment on intelligence that highlights deep and persistent Chinese Communist Party interference attempts over more than a decade."

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