



CANADA

3-100-1
SECRET

PRIVY COUNCIL OFFICE

CABINET SECRETARIAT

OTTAWA, January 21st, 1949.

MEMORANDUM FOR MR. HEENEY: (through Mr. Gill) ✓

Since writing the attached memorandum I have discussed the matter with Nicholson and McClellan. They agree that it is most desirable to differentiate between those employees who, because of affiliation with or interest in anti-democratic agencies are poor "loyalty" risks and those who, because of moral or criminal lapses, may be poor employment risks.

It is proposed that:

- (a) three forms of reports be used instead of the present two. The first form, as at present, to indicate that there is nothing untoward in the person's record. The second form to indicate that the person has, or has had some connection with a subversive organization. The third form to indicate that, while no subversive tendencies have been discovered, the character of the individual is of a questionable standard.
- (b) reports to the government or any follow-up by the Security Panel on action taken by departments, should be limited to those who have been adversely reported on for "loyalty" reasons. The Panel having no interest or record of those whose character only is the subject of the report.

F.W.T. Lucas
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