

Frank Gaffney ([00:10](#)):

Welcome back, and a very special welcome to our next guest, a regular here at Securing America. I'm very pleased to say his name is Bill Walton. He is the host of his own television program, and he brings an extraordinary background to the topics we address, and he often does as well. That would be a recovering maven of Wall Street, a master of the universe. We're always delighted to have his insights into the challenges that we're facing, particularly with respect to the financial underwriting of the Chinese Communist Party by you and other American investors, mostly unwitting. Bill, it's good to have you back. Welcome, sir.

Bill Walton ([00:52](#)):

Frank, as always.

Frank Gaffney ([00:54](#)):

Thank you. Let me just start by saying our friend Steve Bannon had a program over the weekend, and as advertised, I think a number of follow-ups that will take place in the course of this week, about a company called Sequoia Capital. And I'd like to get your sort of calibration on how big a deal Sequoia Capital is in the venture capital space for the United States and the world.

Bill Walton ([01:22](#)):

Well, Sequoia is a very big deal. Sequoia is the Goldman Sachs and the JP Morgan and whatever financial firm you can think of rolled into one when it comes to venture capital. They've been backing some of the most successful companies for decades, and the Silicon Valley operates as a cartel, and they're really the leader. And Sequoia's also been a leader in the venture capital investments in China.

([01:50](#)):

And as we talked about in the past, and we'll probably keep talking about in the future, the venture capital industry has extensive investments in China, and one of their strategies going into the country is to cozy up to the Chinese Communist Party, because you and I know, both every company, public and private, is in essence controlled by the party. They can only do what the party lets them do. And so they've had a strategy to go into China and partner with the party.

([02:20](#)):

And to that end, one of their top partners is Neil Shen, who I believe went to Yale and is part of the Yale Center, Beijing, which there's a constant stream of US investors and other important people in China and has been one of the keys to developing contacts in that country. Well, in any event, it's quite clear that Neil Shen is not just affiliated with the Communist Party, he's probably a member of the Communist Party, by all accounts, and I think that was what was on Bannon's show. Entirely credible.

([02:55](#)):

Unfortunately, I fear that Neil Chin is just one of many venture capitalist operating in China with very, very close ties to the party. And now that we're looking at investments in artificial intelligence, advanced semiconductors, and all the other important technologies which we use in our national security and protecting our freedom, these ties with China have become egregious, and we need to shine a white light on it.

Frank Gaffney ([03:24](#)):

They have become egregious. This one seems to me to be somewhat distinctive in that the guy who is substantially running, as I understand it, Sequoia China, if not Sequoia Capital more generally, Neil Shen has actually been directly advising the polit bureau. In fact, the guy that was interviewed by Steve the other day, Brian Costello, talks about him as being basically an employee of the Chinese Communist Party as well as Sequoia.

[\(03:59\)](#):

And Bill, I guess what strikes me, as perhaps not unprecedented but egregious at least, is to the extent that he is involved in moving American investors' money, and I'm talking about not just big deal investors like the guys you used to work with, but also public pension funds and the like, into companies that are working for the Chinese Communist Party, including the People's Liberation Army. And he's doing it from a vantage point of being a guy, ostensibly, an American working for Americans. It just makes my head explode.

Bill Walton [\(04:46\)](#):

Let's put a finer point on it, Frank. This is not their money that Sequoia is investing. Yes, the partners have big investments in their own fund, that's typical, but Sequoia raises money from institutional investors, and those include all the pension funds, Teachers Union, California State Pension Fund, Florida for a while was in this, and so all the major pension funds, and the pension funds are representing whose money? Well, ordinary Americans.

[\(05:15\)](#):

We've talked about the problems of mutual funds investing in public companies in China. We'll double that down in spades when it comes to private equity and venture capital investing. It's not a direct investment that individuals are making, but through their pension funds. The colleges, major universities are in it, and virtually everyone has been flocking to China for the last decade or two.

[\(05:42\)](#):

Now, though, that the naked agenda of the Chinese Communist Party, which is putting it mildly, almost like world domination, our involvement there is extremely problematic, and these venture funds are right at the heart of the matter. And it goes deeper. Jim Breyer runs Sequoia, I think he's one of the key partners, and he's got a friend, who's Sequoia Professor of Human Artificial Intelligence, who Chinese called Fei-Fei Li, who is deeply involved with the power structure in China. So the lines are blurred or the lines are completely non-existent when it comes to China and US interests.

Frank Gaffney [\(06:30\)](#):

Well, except to the extent that there's a line between the people who seek world domination and our destruction and us, and that's the thing that's so worrying. I don't disagree with what you've said, Bill. This has been a problem that's been building for a long time. Xi Jinping has simply taken the mask off, the so-called hide-and-bide strategy of Deng Xiaoping, but this has been the game all along.

[\(06:59\)](#):

It's just that the game is now at a point where it's quite possibly about to move into a shooting war phase. And as we talk about most weeks, under those circumstances, whatever Neil Shen and his ilk are up to is likely to translate into huge losses for American investors, point one and point two. The fruits of those investments are likely to be returned to us, if you will, through military weaponry that was financed, in effect, by those American investors.

Bill Walton [\(07:34\)](#):

Well, our technology's probably already baked into a lot of the Chinese weapons.

Frank Gaffney ([07:37](#)):

Bill, we have to hold the thought. We'll be right back with Bill Walton right after this.