

## BETTER THAN GOLF



### Lielāks gandarījums, nekā no golfa

Teroristu izsekošanā un ķeršanā gūtās prasmes noder arī biznesa drošībai un banku regulējumu ievērošanai

Nerezidentu apkalpošana ir un paliks svarīga Latvijas banku biznesa niša, kas nosaka nepieciešamību pēc augstākajiem naudas atvēršanas novērtēšanas un terorisma finansēšanas novērtēšanas standartiem šai sektorā. Nesen šim uzdevumam Latvijā ir piesaistīti ASV biju-

šiem no CIP un darba ASV valdībā, jūs kādā intervijā sevi nodevējāt par «preterorisma praktiķi». Vai arī BIB jūs nodarbojaties ar to? Nē, teroristus es ne meklēju. Tas ir palicis manā iepriekšējā dzīvē, kad es pats aktīvi nodarbojos ar teroristu ķeršanu

kiem – tad jums arī bez tiem ir problēmas. Latvija un Baltija mani ieinteresēja arī tāpēc, ka es neko daudz par šiem reģioniem nezinaju. Āfrika, Tivie Austrumā, Āzija un arī citas Eiropas valstis bija manas agrākās darbības lauks, bet ne šeit. Uz šo pusi Eiropā līdz šim biju

” Ir jābūt sistēmai, kas attur tos, kas gribētu izmantot Latvijas bankas neatbilstīgiem mērķiem, un palīdzētu ar to cīnīties. Līdzīgi kā čīņa ar vēzi, manuprāt, tā ir cildena nodarbe.

Džozefs Kofers Bleks, ģeodāzijas ASV Centālās lūkošanas pārvades daļnieks un Baltic International Bank padomes loceklis.

#### INFORMĀCIJA

**Džozefs Kofers Bleks (Joseph Cofer Black)**

Kopš 2016. gada novembra Baltic International Bank padomes loceklis  
 Kopš 2016. gada aprīļa Cofer International, LLC izpilētājs direktors  
 Kopš 2016. gada janvāra publiskās tehnoloģiju kompānijas Northward Enterprises (ASV) veidojošais direktors  
 Kopš 2005. gada strādājis vadīdams amatos vīrietī privāto drošības kompāniju (Blackwater USA, Total Intelligence Solutions u. c.) un iegādājamu fondu (Rogers Edge, 2009–2016)  
 2002–2004. g. ASV speciālo uzdevumu vēstnieks preterorisma koordinēšanā  
 1999–2002. g. Centālās lūkošanas pārvades Preterorisma centra direktors  
 1974–2002. g. Centālās lūkošanas pārvade

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kojīgu kompānijas valdē, un šīs kompānijas misija ir inovācijas veida īstenošana. Kāds bijušajam spiegam un diplomātam ar to sakars? – Piemān karātam tas ir ļoti interesanti, un tad es ar savu klātbūtni šīs kompānijas padomē arī ienesu atšķirīgu pieredzi, ka tai izdodot tirgū ar diergan

jumi, tad daudziem cilvēkiem var rīkt lielu iespēju dzīvot ilgāk. Šāda misija ir cēla, tāpēc man šis darbs patīk. Tai pašaur, par kuru raksta arī jūsu avīzē, ir daudz pilsētu, un šis tas, ko esmu iemācījies, pret to var palīdzēt. No vienas puses tas ir interesanti, no otras – es par to

Experience in tracking and catching terrorists proves useful in business security and adhering to banking regulations.

Providing service to non-residents is and will continue to be an important business niche for banks in Latvia, which carries with it the need for stricter measures in the sector to prevent money laundering and financing of terrorism. For this task Joseph Cofer Black, a former US superspy who played a crucial role in catching the infamous terrorist Carlos the Jackal, has been recently brought on in Latvia. Black also headed the CIA's Counterterrorism Centre after the "War on Al Qaeda" was announced in 1998. In November this year, J.C.Black was elected to the board of Baltic International Bank (BIB).

In an interview three years ago, when you had already been out of the CIA and US Administration for eight years, you called yourself a "practitioner of counter-terrorism". Is that what you are also doing now at BIB?

No, I am not searching for terrorists here. That was my previous life, when I was actively involved in catching terrorists and later helping the government raise the counter-terrorism capacity of embassies. I've spent a lot of time in offices like this with round tables, but I have also actually investigated and caught terrorists. I have now retired from that line of work, and use my expertise in the private and financial sector for other matters. Meaning that if you don't have a strong and secure banking sector, you can forget about tanks - you'll have problems anyway.

Latvia and the Baltics seemed interesting also because I did not know very much about it. I used to work with Africa, the Middle East, Asia and other European countries, but not here. In this direction in Europe, I had only been as far as Denmark.

**Just at a glimpse, it is clear that bringing in your expertise to the management of the bank is a good idea. What do you yourself think about it?**

It really is very useful, but it is somewhat a coincidence. (Laughs.) The thing about being retired – and this is really great – you can do things you never did before. For example, I am now also on the board of a biotech company, whose mission is innovations in cancer treatment. How does a former spy and diplomat fit in there? First of all, it is all very interesting, and my being on the board brings in a different kind of experience on how the company can survive in a market with rather harsh challenges.

For example, this company is traded on the stock exchange and can be subject to short selling attacks. A small pharmaceutical company with several new drugs in the clinical trial stage is an easy target. Some of my skills allow the company to avert such risks. It is like protecting a child until they grow up and can fend for themselves. If we fail at that with this company, then many people will lose the chance to live longer. This is a noble mission, that's why I like doing this. In the world that your newspaper writes about, there are many predators and some of the things that I have learned can help fight them. On the one hand it is interesting, on the other hand – it gives me satisfaction. It's better than a game of golf. And I feel the same here at BIB. I have a decent amount of counter-terrorism experience and part of it is to do with financing terrorism. I've helped build US counter-terrorism policy capacity, which has served to improve the effectiveness of the policy even after I had already left that line of work.

There is an important link between counter-terrorism and money laundering. In effect, they are two sides of the same coin.

**We will get back to that in just a moment, but first a more general question – how applicable is your counter-terrorism experience in the actual corporate world?**

There is sufficient correlation. In general, experience gained in one sector tends to be useful in other as well even if the goals are different. Here the goal is to help relatively small institutions and really small companies develop and implement adequate procedures to keep them on safe ground in all of their business operations. For a bank, that means compliance with regulations, which will become ever more complex, so the organisation needs to feel confident that what seems compliant really is so, and that it is effective. There needs to be system in place to deter those, who would like to use banks in Latvia for inadequate goals, and to help fight against this. Similarly to the fight against cancer, I see this as a noble mission.

BIB is no JP-Morgan Chase, right? But it is still subject to the same regulations, although human resources and procedures are significantly different here. Basically the regulations have been replicated and applied to institutions here that play an important role in Latvia's future. As a result, BIB and 11 other banks audited by US experts have to comply not only with Latvian and European, but also US regulations. It's quite a plateful.

It is not easy at all. Just look at international trade – armies of diplomats and civil servants are trying to harmonize US and EU regulations in the framework of the TTIP negotiations so that they are not contradictory. This is a process where whole careers are created with people sitting at negotiation tables. My experience is more practical, and I try to apply my vision, so that the board can make use of it in the bank's strategy. Am I a strange choice for this position? Yes, but I am definitely useful.

**How did you get to BIB? I'm sure it wasn't through a job advertisement.**

Valērijs Belokons and I have a mutual friend in the US. He suggested to Mr. Belokons that someone with my experience could be useful here and we were introduced. I've spent my life with "the good guys", defending the weak and vulnerable. Believe me – if I had the slightest doubts about this bank or its operations, I wouldn't be here. This is a good, strong organisation, which does its best to play its role in the country, society and economy. Of course, there is work to be done here, and I have never joined a team that didn't have any room for improvement – that is precisely why I do it, but the bank itself and its operations are strong and stable.

**Bringing you in seems quite an innovation. Does this mean that BIB is planning to even go beyond just complying with regulations regarding anti-money laundering (AML) and combating the financing of terrorism (CFT)?**

See, it's like the navy – the crew consists of various engineers who are each in charge of their own equipment, weapon etc., but together they are a team. In the team of a bank everyone has their part to play as well, while still working together. Therefore, compliance with AML/CFT regulations does not happen in just one department, but in efficient work throughout the financial institution. All due respect to the Russians, but the term "Potemkin village" comes from them. Now, my task is to make sure there is no Potemkin-like semblance of order to merely pacify the regulator.

Here everything is and will be for real, and this will even be a special bank and an example for how these things should be done. The BIB business development model itself will disallow everything that AML/CFT policy is against, and that will make this bank prestigious and

attract investors. Just like with schools – as a father you know their prestige and why should or shouldn't send your child there.

**But is your presence here not also intended to create a calming effect and an explanation to regulators that we have people who know what they are doing?**

Quite the opposite. I do not explain anything to anyone – I just do. I come in, assess the situation, the weaknesses and what needs to be done. That is what people in my profession do – we solve problems or die trying.

My understanding is that what the US government is trying to achieve – and this is my personal opinion, because I am no longer an advisor to the Secretary of State – is to use its financial leverage to stop money laundering and financing of terrorism. That is their intention. The intention is not to disturb, persecute or put out of business financial organisations that would otherwise flourish and develop. So it is a question of doing our homework, and here at BIB we will do it even better than requested.

**I like something you once said about going into private business after many years as a national security agent and official – that the better support you provide to the industry, the less work for the government.**

That remains true. And the government is usually not the best enforcer of change when it's needed. Beginning with the fact that the government does not generate money, it only spends it and these people really have no idea where money actually comes from. That was one of my biggest culture shocks when I moved to the private sector – to see how money is actually made. As a civil servant I had always had to defend my budgetary needs – I got money at meetings and by talking, but there is a balance here. That is why the best thing a government can do is to create an environment and climate where the private sector can earn money and implement needed change.

**What role do finances and all of these regulations actually play in the fight against terrorism, especially as compared to the problems created for the financial sector?**

The role is important, and as to the impact on the financial sector, I could write a 100-page report. In a nutshell – there is a reason why all of this is coming from America, because the link between terrorism and the dollar had placed us out in the open and made us vulnerable. We looked at all the possible processes and tools for combatting terrorism, and one of the most obvious and also most popular tools in US politics was the already familiar drug cartel model.

We have a lot of experience with drug dealers, and they were making so much money in the US with their operations that they even started having problems with logistics. Drug money was transported on pallets. And the obvious solution in the fight against the drug business

was a classic – follow the money. By following the money, the whole structure of the drug business and its main players become very clear.

This approach worked fantastically well, and prisons were filling up. But the problem with drugs is that even if you destroy the whole cartel, new ones will pop up within 48 hours. So the practical success of the fight against drugs could be measured by the price of drugs on the market, but the phenomenon as such could not be eliminated.

During my time as head of the Counterterrorism Centre the model of following drug money was also introduced in relation to terrorism, so I can assume my share of the praise, as well as the criticism for this. We began small, but the approach expanded quickly, and with the support of the US Department of Treasury it yielded good results. The good part is that similarly to combatting drug transit, with the right people and method, you will get great results. They were big in my time and are even bigger now.

But we quickly found that the problem with CFT is that most terrorist operations aren't very expensive. If we succeed in removing 500 thousand from circulation in CFT – that is the equivalent of a large part of global terrorism. And that is the problem – it's very easy to restore. We can be very successful, but terrorists can easily compensate any damage done. It's like catching moles – a lot of work with little results. There are whole countries where financing terrorism is not only acceptable, but it is even encouraged as charity with religious and nationalistic motivation.

And this is not something all that foreign to us. Not too long ago in Irish pubs in America it was still normal to have a donations box “for the old country” and it was no secret that this money was never meant for widows and orphans but rather the Irish Republican Army. In short – there comes a point where the donation system and instilled culture is enough to compensate the damage to terrorism that we create through our CTF policy. So it can be done, but it is very hard.

**Compared to the never-ending fight against drugs, terrorism does not create an addiction, if you will, in the target audience. There is definitely no demand in society for the “product” of terrorism.**

True. There is also a difference in the model of financing, how the money is generated and distributed, and successful terrorism in the eyes of terrorists themselves definitely does not require the same amount of money as needed to achieve goals in the drug business. Even if we manage to shut off sources of financing for terrorists, they tend to start financing themselves by, say, stealing credit cards.

**Does this counter-terrorism policy with all of its burdens on the whole financial industry actually work?**

Certainly. There is no doubt about it. It's just that new aspects keep coming up. That is just human nature – if you prohibit one thing, people will find something else. It's no wonder the kidnapping trade has flourished. And in Iraq they just take a tank, tear down the wall of a bank and leave with the money. There are possibilities.

But on the other hand, the international community has become more united and is quite successful in its CTF efforts and counter-terrorism policy in general. Many terrorist attacks are averted in their beginning stages, and we are becoming increasingly effective at this. The problem is that you cannot always be effective and not miss a single thing. And as soon as something slips by, the whole world knows about it, and it seems like the world has been overrun with terrorism.

More and more countries are realising that they can become targets for terrorist group activities, like we see in Iraq, Yemen and Syria, where the existence of proper national governance is seriously doubtful, or is not even there altogether. This is ideal ground for terrorist groups, recruitment and financing.

**So terrorism is flexible, but can the same be said for banking regulations? Are the requirements not just piling up?**

That's how bureaucracy works, isn't it? On the bright side, this is the reason why the US administration always tries to make sure that the Secretary of the Treasury is someone who has already proven themselves in business. Because this person has to understand how all of their regulations and other actions will affect the private sector. And the goal of the government is, in the end, to promote business, not smother it. Coming back to the question – yes, Americans want to combat money laundering and financing of terrorism, and we want adequate regulations to be implemented, but it does not have to be done at the expense of small private institutions and business. How successful are Americans in introducing regulations to people's everyday lives? Judging from our tax collection system – not very. Because every year we need a whole army of accountants for citizens to be able to fill out their tax returns, and, in the end, do we reach our goal that everyone pays their share? Doubtful, because, as it turns out, the wealthiest people tend to not pay anything at all.

**Alright, so you are not an explainer and calmer, but surely your presence here will have the effect that the regulator will be provided with a detailed explanation of how compliance to the letter and spirit of the regulations is ensured?**

Of course. Not only the regulator, because I will also be able to explain this to the Americans. After all, I am a US citizen, and our countries are allies – an attack on one, is an attack on both. We are brothers. After graduating university, my son served in the airborne infantry brigade

based in Italy. They carried out missions in Afghanistan, but they also had to be ready within 24 hours to land in Latvia. If you had been attacked at that time, my son would have fought for Latvia. We are involved here, we are ready to pay the ultimate price, and, personally, I am very glad that through my work I can support a pillar of Latvian society that the banking sector most certainly is. I want to do this. I want it to be effective for investors and customers, as well as the people of Latvia.

I know that there are mixed feelings regarding this business, but, in principle, what can you have against a non-resident bank which brings international capital to the country that is also invested in regional and national projects? I just don't get the counterarguments, and we have to move past them. I will do what I can for Latvia to attract foreign investors, for them to place their deposits in this bank. Because this bank has an investment strategy focused on the environment and the society. That is our future – renewable energy, eco-friendly fisheries etc., and this future needs money to be invested today.

It is also completely clear to the US army that I know very well. They don't want to burden soldiers with unnecessary weight in gear, such as radio batteries, so special solar panels – and all of these things – have been developed. This is our future in all areas, and in our opinion this is a winning strategy for investments as well – it has a future profit margin, security, social and moral responsibility.

Isn't it great to have socially and morally responsible investments? We are no longer talking about someone like Gordon Gekko and his justification of greed. These are different investments, and I really like this whole thing. We will provide profit to the investors, sustainability to the economies of Latvia and the Baltics, jobs for people and investments for regionally significant projects. As an American, I find it wonderful, because a stronger Latvia and the whole region that provides a foundation for living and joy for the citizens, is a direct interest of ours. The better off and happy you are, the happier we are.

**It's good that you indicate to such a personal attitude, because I think that only improves professionalism.**

Definitely! You know what they say about spies – they lie, and I certainly know how to lie. But if I can say the truth – why shouldn't I? It's much easier, and it feels good. I like being here, and perhaps I can make something better.

*Dienas bizness, 19.12.2016. Didzis Melķis, photo – Zane Bitere*