

Former head of US counterterrorism: a degraded society is a greater threat for Latvia than a military attack



Cofer Black, the new council member at Baltic International Bank (BIB) is no ordinary banker - the highlights of his career are in intelligence in Africa and the war on terror in Afghanistan. Just recently he was cited as a candidate for Director of the Central Intelligence Agency (CIA) under the new Trump administration. However, the former head of the CIA's Counterterrorism Centre says that combating terrorism has a lot in common with the banking sector.

Portal "Delfi" met with Mr. Black a month after he had become a council member at BIB, when he was in Riga for the third council meeting. He describes himself as "retired from civil service". The company, which he represented after leaving the CIA and later also the US government - "Blackbird Technologies" - was sold to defense industry giant "Raytheon". Having deliberated his next step, Black became a board member at "Northwest Biotherapeutics", a biotech company. He explains that he was approached by cooperation partners of BIB in the US. "I'm all ears when it comes to countries that I've never been to," Black reveals why he was attracted to the opportunity to work in Latvia.

"I arrived here, and I really expected to see something else. I expected something gray, dark and depressed. But you could actually rival Vienna. I was especially surprised how amazingly nice the people are. I always look at how polite waiters and salespeople are. If I tell them that

I'm an American and they're still nice to me, then that's really something," he jokes. But he was even more surprised by the language skills of the locals, which had even fooled the former intelligence specialist into taking some Rigans for Americans. He describes the management of BIB as highly principled, decent people trying to work under difficult conditions, therefore the job offer had seemed alluring. Black dismisses suspicions of the bank's involvement in shady transactions saying that the credit institution safeguards against dirty money entering it. It can be assumed that such safeguards will be among the duties of the former spy and counter-terrorism expert.

"Whether its cancer research, biotechnology or banking, it's amazing how deeply they have immersed themselves in their job and skills, so it's always a good thing if someone from the outside comes in and says: "Have you considered doing it this way?" And the answer is always "No, we haven't.""

What does counterterrorism have in common with banking?

How much time do you have? Actually [they are] shockingly similar. I spent the last 12 years of my time [at the CIA] in counterterrorism, but before that I worked in other fields [of intelligence]. An important thing in counterterrorism is what we now call financial counterterrorism.

At the beginning of my career, there was little if any combating of terrorism in the financial area. It was my responsibility, but I wasn't very eager to get into it, because it's time-consuming, labor-intensive and expensive. In that time you are trying to outsmart and stop terrorists before they kill people.

Our supervisors - the Senate and the Congress - were very interested in this due to the success in combating drugs. For a while, their approach could be described, saying: "Follow the money!" Drug dealers in the Western hemisphere were so successful that moving their illegal money began to present logistical issues. They wrapped piles of cash in plastic, hid it in walls, pallets, planes. In order to find who was behind it, the tactic was to follow the money that eventually had to lead to the boss.

I was encouraged to look [at counterterrorism] from this perspective, and I did. On the one hand, it can be done, but unlike the drug business, you don't need a lot of money to kill people.

One issue for banks, especially banks in Latvia and those that aren't correspondent banks, are the interests of the regulator and the US. Not only regarding money laundering, but also combating financing of terrorism.

In your opinion, is terrorism financed through banks in Latvia?

You have to catch them red-handed to prove that it exists. But you can be sure that terrorists will move money in the safest and quickest way possible. If that's here, then why not? Regardless of whether terrorism financing is or isn't there, it still worries regulators and the Financial Action Task Force, and all banks have to take that into consideration, so that they can document and prove compliance with rather strict standards.



That reminds me of my favorite analogy in the US. At the end of the year, I have to pay my income tax. I used to do my taxes myself, but now I have an accountant do them, because it's become too complicated and I can't understand it anymore. If you have a problem, you pick up the phone and call the US Internal Revenue Service. They will give you their opinion, but the truth is - if they're wrong, then it won't matter what they told you over the phone. It'll still be your fault.

Banks like this one, have to comply not only with Latvian law, but also EU standards and now you also have the American regulations - along with anti-money laundering and so forth. You would think that there are common standards and similar requirements, but these regulations are like different tax systems applied on top of each other, which makes it all the more complicated.

What are the main threats to the banking sector in Latvia, as far as you can tell now?

There are several national and regional level problems, the geopolitical situation and Latvia's location must also be taken into account. No country in Europe is free from organized crime. Remember my analogy regarding counterterrorism: "Follow the money"? Way before it was noticed, organized crime took over the American casinos. They could bring in truckloads of cash, flood it into the casino system, and pretend like the money was won at the tables. Money launderers - these people are always looking for where they can do this. They target the weak. The first thing you need is the desire to resist this pressure, but the regulator and government should be involved in providing capacity. To have you do things that make you stronger, not weaker. It's like cancer - it can happen to anyone, but it will happen to the weakest. If you're already sick, you have a bigger chance of becoming a victim.

From a regional perspective, as part of the European Union, there is no "firewall" to protect you from the negative impact coming from Greece or the UK. Another aspect is the geopolitical situation: you live in a harsh neighborhood; you have a border with - in the eyes

of America – a competitive country. We have our good and bad in relations with this country. Hopefully, the new US president, who will soon assume office, will be able to drive these relations to a new, more productive level. If not, then we know how to play our part in such a situation, but then we have to be ready for a potential attack.

It's no secret that we have Russian organized crime in the US. Gang shootings between Russians and Jamaicans or the Chinese are legendary. It's not quite the Wild West with shooting all around, but these are tough guys and they go where they see opportunity. You're a Latvian and you see how many opportunities there are here, plus you have the border [with Russia].

Of course, you have to justify the need [for regulations]. In a capitalist society, financial institutions need to be profitable. Not profiteering, but profitable. They need to be able to support themselves. This is not an easy task for many institutions, but there is, however, a higher goal than just making money. At least at this bank that is not the paramount goal. [The bank] has to be able to support itself and fill its mission, but – and I wouldn't say this if I wasn't completely sure of it – it works hard at expanding its customer base with investors who will provide continuity and sustainability, fairly passing prosperity on to the next generations. This is great, but it also has to be based on environmental and social responsibility. That's the key to our 20-30 year plan. We want to make money from socially and environmentally responsible investments.

The health of any free society is based on a couple main pillars. We usually consider military institutions as our defenders, but that is just one element. Equal elements are Latvia's ability to defend itself and its friends in NATO, where an attack on one is an attack on all. That is our policy.

After college, my son spent seven years in the army where he was paratrooper in the 173rd Brigade based in Italy. If war had broken out at the time, he would have been here with his infantry battalion. My son would probably fight to the death for Latvia. So I have a special interest in Latvia – I want it to be strong, healthy. Apart from the army there are other important pillars – the justice system, because the law has to be applied so that it is fair and accessible to all, otherwise it becomes a weak point; and also banks and the financial system. Finances have to flow through it, it has to be able to bring in money for the society. Without these things, you might as well as just go to church – it can never work.

So, if you ask me why I do this... It's fun, but it's also satisfying. It's important, these are things that need to succeed. We have to keep in mind that banks of this size are important for the health of society, if they have culture and values, as is the case here. I do everything I can to make it a success, which is a benefit for all of us. I've spent a large part of my time serving in Africa, which, I think, is sometimes a laboratory for stuff that doesn't work. Sometimes they don't implement the things that I'm talking about, people's quality of life is very low. A lot could be improved through institutions and regulations, and support for these institutions so that they can do their job. The rules and regulations aren't there to threaten business, but rather to help promote it.

However, this bank has been investigated [and fined]...

That doesn't scare me at all. If I thought something dishonest was going on here, I'd be their worst enemy. If you play soccer, then you can get a red card on the field. If you don't play, you'll never get a red card. They played, it was investigated and examined. Admittedly, they could have been more careful, their processes and procedures could have been better. I have been in management situations like this – when something goes wrong you can always see that you could have done things better. I have never had an investigation, that I've been subjected to or that I've initiated, where the management has said that they couldn't have done anything differently. You're a journalist – you know it doesn't work that way.

In this case, I think the lesson has been learned. Broader analysis was needed, processes and procedures needed to be more strict. It wasn't for lack of wanting. Of course, it's a shame. To a certain extent, the cooperation between banks and the regulator is like cyber security. I had a company that worked in cyber security. The work was endless and for a company that's just a gift that keeps on giving. I go to a client and tell them that I'll help them get stronger in terms of cyber security, we study the situation and say – bad guys can get to you here, here and here. When that's fixed, we come back in six months and find new problems. The process is alive and continuous. If you accept it and do the best you can, then it's not a problem.

You mentioned that organized crime groups look for the weak spot. Do you see Latvia as one of weak spots in the OECD?

I don't have the outlook to judge that. You'll have to tell me how strong your government is, how eager they are to combat these things, what is their capacity, how good are they at investigating financial crime. If you're weak in all of these areas, then the bad guys will try to take advantage – as sure as the sun will rise again tomorrow. They are my natural enemies. I don't know what you think about Americans, but, when we look in the mirror, we manage to convince ourselves that we're "the god guys", that we will stick up for the weak and innocent, and try to stop and beat those who want to hurt them. We really do see ourselves that way. People like that, including myself, enjoy being "the good guys", trying to do what's right.

Do customers from Russia make the bank sector and this bank in specific weaker?

I don't think [they make it] weaker. Coming back to the geopolitical context – if you want to cause problems for Latvia and NATO, build a wall around Russia and let them stew in their own juice. They'll break out and create problems somewhere else. That is the worst possible way to deal with such an organization. The best way to do it is to include them in the global community, make them become a trusted and compliant partner. I think it would be a big mistake if the West were to prohibit travel from Russia, to restrict them. Of course, outside of

the sanctions – those are untouchable and there's no doubt about it. The majority of the Russian population are wonderful people, they should have the opportunity to securely invest their legally gained funds. We have to be careful of those who have gotten their money by illegal means. It's becoming increasingly difficult for banks to determine the origins of money, but it is possible and we do it. A significant part of our customers are in Russia, which we are happy about and we value our relations with them. We want them to invest their funds in our bank, but at the same time the burden of proof, that the money is legal, is on us, not them.



Basically banks have to become investigators.

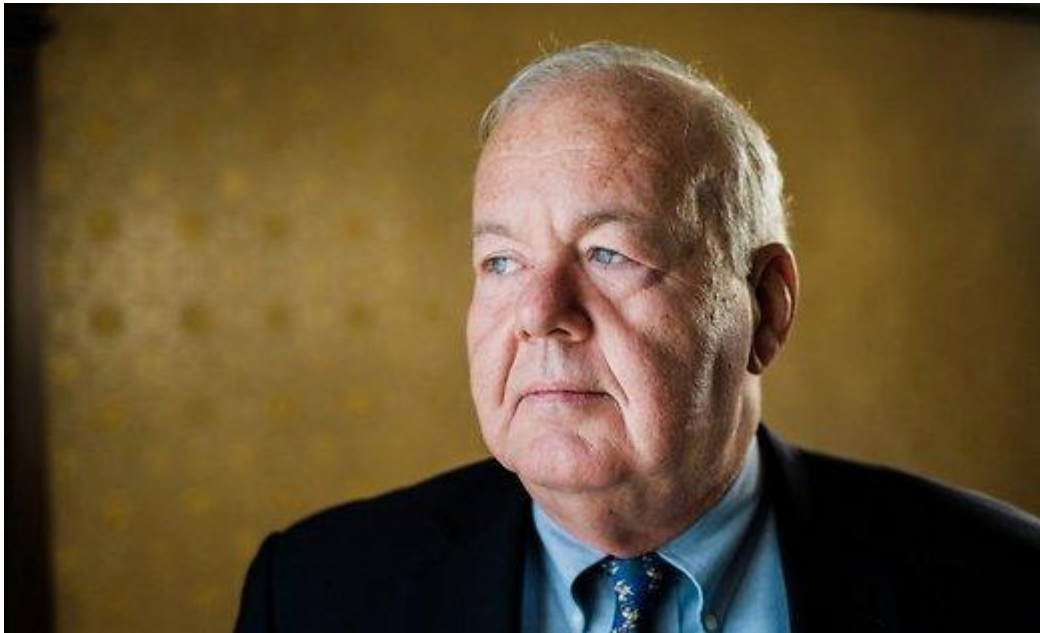
Basically, yes. As you can imagine, the obligation to investigate lies exclusively with the bank, while governments, including my own, wait it out so that when the investigation is over they can wag a finger and tell you all about how you could have done better. I'm not blaming them, but they aren't the real doers. They have their measures for combating terrorism and money laundering, but they aren't the ones checking people who want to place money at a bank. The frontline is the bank itself, its people and procedures. That's why it's so important. If it breaks down and you can no longer trust the process, you get yourself a terrible system. In the end, governments won't be able to compensate it.

Speaking of building walls, your name has been mentioned...

I don't build walls. (Laughs.)

I mean the newly elected US president. Your name has come up in relation to the Trump administration. Are you considering returning to government or the CIA?

First of all, Mike Pompeo has been nominated as the new Director [of the CIA]. He's a Congressman from Kansas. He's going to be the new director, and I think that's great. I haven't met him, but he sounds like an impressive guy. He's graduated the US Military Academy at West Point as top of his class, which is a big deal in America. He was in Europe during the Cold War, he had a successful business and was elected to the Congress. Now he's on the House Permanent Select Committee on Intelligence. That means that he's one of the officials selected to oversee the intelligence agencies. Back when I was at the CIA, I had to go before them - mostly at confidential hearings - and they asked questions. Kind of like bank regulators. I think we're lucky [with his appointment].



After my civil service, I worked on two [US presidential] campaigns for Mitt Romney. I can say - if your country needs you or if the president wants to trust you with an assignment, you have a great obligation to seriously consider it. But I can say that I'm very satisfied with what I'm doing now. It'll be a dramatic personal change for me. My work at Baltic International Bank and a company searching for the cure to cancer, gives me immense personal satisfaction, plus the pace is much more manageable than working in the government. If you can live without sleep, then you'd love working in state administration. It's a 24/7 job that requires huge self-sacrifice.

When you left work in the US government, the West was still continuing the War on Terror. In your opinion - has the global security situation gotten better or worse since then?

As regards the conventional threats that the US has been dealing with since 9/11, we have done a lot. At the same time, new threats have come up that require a lot of time, resources and effort to combat. Counterterrorism in America carries special responsibility, because we

have the unique opportunity to play a global role – after all, we are everywhere along with our friends to identify and prevent terrorist attacks, and to reduce terrorist recruitment.

Our friends find it worthwhile to have close ties with the US. Many countries say all kinds of things, but that's the truth. When I was in counterterrorism, my colleagues and I spent the same amount of time on protecting citizens of other countries as we spent on protecting US citizens. It wasn't out of charity, because other countries did the same for us. People perform best on their own turf, so a system like this works much better. If there's a terrorist living on the outskirts of Riga, it's much better if he's dealt with by the Latvians, rather than the Americans, right? If the Americans come in, their baseball caps will be spotted from two miles off. By connecting all information, security has improved. The security of the people, whom we are trying to protect, has improved significantly.

I don't agree with what many experts are saying; I think that civilized society has better chances of winning the fight against "Daesh" ("Islamic State"). From a historical point of view, we haven't spent that much time on it. Looking at it logically, they are obviously done for. Even though there have been horrible attacks in Europe, they spend most of their time killing their own fellow Muslims. We tend to forget that there is a real war going on in the Middle East – at secular and religious level. I think it will turn out alright, but there's still some pain in store for us.

Our new president, it seems, can be pretty aggressive in some areas. I think our efforts will be doubled regarding [terrorist] havens in Iraq and Syria. I don't know if you've travelled in that region, but, seeing the horror that these people have done to others, it almost makes you doubt our humanity.

The desire is now there [to fight terrorists]. Back before 9/11, that wasn't always the case. Certain elements of the European Union doubted the existence of "Al Qaeda". At least now people have a common vision of who we're fighting and what we have to do. It may seem a bit unsightly on its own, but in the long-term I think [the fight against "Daesh"] is on a pretty predictable course.



After 9/11 you turned to the Russians, if not to ask for help, then at least to ask them to stay out of [counterterrorism operations in Afghanistan].

I asked for their help. Actually, I get along with them pretty well. I like them. After 9/11 our strategy was active engagement and pursuing individuals. There comes a point where you can no longer just stand behind a wall and shout, you have to go in and get your hands [on the terrorists]. To do that, back then we had to go into the Russian area of influence [Afghanistan].

Is that possible now, considering the situation in Syria?

Now you're changing the question. Yes, after 9/11 the first stop was Moscow. They were very helpful, for which I'm grateful. They helped us enter Afghanistan quicker and more effectively than it would have happened otherwise.

If we talk about Syria, then I don't have the latest information on this issue. You could say that Russia is currently driven by its desire for the past, restoring the Soviet Union. Russia's activity in Syria is more than just their version of counterterrorism. It includes elements such as Russia's desire to have more ice-free ports – in the Mediterranean. They had their biggest naval base in Syria. Some things are going to change. (Laughs.) I don't know why people are surprised that they want an ice-free port. Good luck getting [from existing Russian ports in the Black Sea] through the Bosphorus [in Turkey]. To achieve this, they hooked up with [Syrian president Bashar al] Assad, who complies with all the International Court's criteria [for war criminals]. Our Russian friends made a bad choice. But many countries, including the US, have made bad choices. If both countries are placing the latest generation armed fighter-craft in direct proximity to each other, that's just asking for trouble.

With President Trump there is potential with Russia, which would hopefully leave its past behind, achieve a better combination than the one we have at the moment. At the very least, the humanitarian crisis should be motivating. We are responsible for this. The situation in Aleppo is horrific, and many people ought to be ashamed.

You said that there was no need for Cold War tactics after 9/11. Are we in a Cold War situation today?

Yes, we've slipped in [to it] now. We had a window of opportunity, which I had the good sense to take advantage of, for our cooperation to help leave the previous century and enter the next. We can't do everything together, because we do have areas of disagreement. But there are things where we see pretty much eye to eye and can cooperate for the benefit of both countries and the world. But beyond that... I bet there have been cases where the Russians offered a hand [in cooperation], but the Americans rejected it, as well as cases where Americans extended their hand, such as Secretary [Hillary] Clinton's "reset" program. Opportunities have passed by, but there is potential now.

Despite the situation in Ukraine?

I'm not saying we can achieve a perfect situation. Ukraine was a mistake for the Russians. That's something typical for Russia - leave them be long enough, and they'll do it themselves. There is no justification for Ukraine, they now have to figure out how to cut their long-term losses.

In this context, do you think it's correct to arm and deploy NATO forces in the Baltics?

I think that it is absolutely necessary. Member states, including Latvia, have to understand what this means for us, your allies. It couldn't be any clearer - an attack on one, is an attack on all. Think about it - if you're a farmer in Kansas and Latvia is attacked, it means that Kansas has been attacked. It's a big deal, that carries obligations for Latvia as well. This is an issue that the Americans are pressing.

A degraded society is a greater threat than possible war. If you're weak, someone will always try to take advantage.

What you see here is kind of like a game of chess, but that's just me. We have Russia placing its S400 surface-to-air missiles in Kaliningrad - great, they have a couple of ships off the coast carrying long-range surface-to-surface missiles - great. There are all of these hi-tech weapons on Russian soil. Kaliningrad is Russia after all, isn't it?

Of course.

So all of this long-range military equipment is in Kaliningrad, Russia, that can reach this very spot where we're sitting now. If Russia were to initiate military operations, NATO would respond. If they start shooting one of these weapons, if they launch their S400's from Kaliningrad... Think about it! Taking down a NATO fighter in NATO territory from Russia - it's rock'n'roll! (Bangs on table.) They aren't that dumb.

So what you have is a balance between both sides, where NATO is trying to not be the promoter [of an arms race], but rather demonstrate that the price of using military force would be extremely high.

It's like with kids playing war... If you're NATO, what do you think about a Russian naval vessel firing a missile at a NATO member state?

A declaration of war.

Yes! [Would NATO] back down? Just saying. Where would NATO retreat? To the Rhine? Why? That would clearly be an invasion. You know what you're dealing with. Better to fight them at the border than at the Rhine. I think we can agree that this scenario is a bit insane.

If NATO countries don't have strong institutions – a justice system, bank sector, education system – they cannot ensure the wellbeing of their citizens, a happy and healthy society. A degraded society is a greater threat than possible war. If you're weak, someone will always try to take advantage.

Some say that Russia is trying to control post-soviet countries...

First of all, it has to be emphasized that Latvia is an independent nation with its own government. It is not part of something that belongs to them. It's just smaller.

But still very dependent on their money. Both the bank system and the economy. That, too, is a way to gain control over a country, just like it has happened in other Eastern European countries. Do you see this as a risk?

Not so much as other things. It has a superficial impact. Look at Chinese investments in the US, they own a lot there and they are investing even more. That puts us in a better position than if they didn't. They won't attack themselves, they've invested too much money. It's a stabilizing factor. To some extent, it works here as well; a joke, obviously, but: Russians wouldn't want to obliterate Jūrmala, they all have houses there.



[DELFI bizness](#), 20.12.2016. Guna Gleizde, photo – DELFI